Jadason Enterprises Ltd

ANNUAL REPORT 2018

CONTENTS

CORPORATE PROFILE

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

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

CHAIRMAN'S STATEMENT

QUEENY HO
Non-Executive Chairman

Dear Shareholders

2018 witnessed several major events which impacted the global economy, including the trade war between China and its main trading partner, the United States. A series of tit-for-tat tariffs have affected businesses and manufacturing chain, and undermined consumer confidence. As China's manufacturing sector come under downward pressure, the Group, which operates mainly in China, reported a loss after taxation of S$1.3 million for the year ended 31 December 2018.

In the face of challenging operating conditions, the Board has decided to remain prudent and is not recommending any dividend payment for the year ended 31 December 2018.

GROUP'S PERFORMANCE

Equipment and Supplies business revenue decreased from S$23.6 million in 2017 to S$19.4 million in 2018 due to weaker demand for equipment and supplies from printed circuit board ("PCB") manufacturers amidst the subdued Chinese economy. This business segment reported an operating loss of S$1.3 million for 2018, compared with an operating profit of S$0.4 million for the previous year.

Revenue of the Manufacturing and Support Services business for 2018 decreased by 10% to S$35.4 million compared with 2017. During the year under review, this business segment experienced lower business activities at its mass lamination plant and a foreign exchange loss of S$0.4 million. As a result, the operating profit for this business segment decreased from S$2.7 million in 2017 to S$0.8 million in 2018.

CHAIRMAN'S STATEMENT

The past few years have seen the Group reducing its bank borrowings. At 31 December 2018, bank loans of the Group stood at S$1.0 million. Despite the difficult operating environment, we generated cash from operations of S$6.2 million in 2018 and ended the year with cash and cash equivalents of S$10.7 million. Net cash, defined by cash and cash equivalents less bank loans and finance lease obligations, was S$9.7 million at the end of 2018.

At 31 December 2018, the net asset value per share of the Group was 6.8 cents.

As communicated on previous occasions, the Company has been placed on the watch-list under the minimum trading price ("MTP") criteria with effect from 5 June 2017, and will endeavor to meet the exit requirements of Rule 1314(2) within 36 months from 5 June 2017.

THE YEAR AHEAD

The future of the PCB market looks promising. Factors driving the growth of the market include the growing demand for wireless devices and high speed data transmission, miniaturization of devices, adoption of automation in various industries, advancement in automotive electronics, and development of greener PCBs.

Notwithstanding the above, our PCB manufacturing customers are cautious about their business outlook for 2019 amidst the economic uncertainty caused by the ongoing trade spats between China and the United States, and we expect a challenging environment for our Equipment and Supplies business. We expect better prospect for our Manufacturing and Support Services business in 2019, as China based PCB makers should see opportunities from the rollout of the fifth generation ("5G") mobile technology in the country. The shortage of suitable labour, however, is a dampening factor.

We will continue with our efforts in rationalizing our existing core businesses. Notwithstanding our commitment to streamline our businesses, we will invest to enhance our manufacturing services capabilities and ensure that we are able to meet the requirements of our customers. In FY2018, the Group invested S$1.9 million in plant and equipment, mainly to upgrade its PCB drilling machines in Dongguan. We will also explore businesses related to PCB for growth.

ACKNOWLEDGEMENT AND APPRECIATION

I wish to thank our staff and management for their hard work and commitment, and our fellow directors for their contributions and guidance. 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 2019

FINANCIAL HIGHLIGHTS

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

	2018	2017	2016	2015	2014
Turnover	54,787	63,079	57,149	63,097	80,837
(Loss)/Profit before taxation	(778)	2,871	1,876	(31,947)	(8,731)
(Loss)/Profit after taxation	(1,344)	2,824	1,828	(32,101)	(8,923)
(Loss)/Earnings per share (¢)	(0.19)	0.39	0.25	(4.44)	(1.24)

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

	2018	2017	2016	2015	2014
Property, plant & equipment	17,344	18,172	19,479	19,492	36,870
Land use rights	431	464	490	531	538
Current assets	47,069	52,670	58,201	68,899	90,144
	64,844	**71,306**	**78,170**	**88,922**	**127,552**
Current liabilities	15,811	19,319	26,683	34,737	45,115
Non-current liabilities	165	114	533	2,824	1,194
	15,976	**19,433**	**27,216**	**37,561**	**46,309**
Shareholders' equity	48,868	51,873	50,954	51,361	81,243
	64,844	**71,306**	**78,170**	**88,922**	**127,552**

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

In the face of challenging operating conditions, 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 providing quality and reliable PCB drilling services to its customers and has consistently demonstrated its technical competence in completing high-end PCB drilling jobs. Through the years, we have developed a high level of trust with many of our customers. During the year, the Group further invested in upgrading its existing equipment to enhance its performance and customer support capability.

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 under review, this operation coped well with changes in personnel. With a stable management team in place, the operation will now focus on improving its operating performance.

The Group expects the Equipment and Supplies business to face yet another challenging year, as its PCB manufacturing customers are unlikely to aggressively expand their production facilities given the softening demand in China. However, 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

In anticipation of an uncertain economic outlook in the coming year, the Group will strive to maintain a strong balance sheet and a healthy level of bank and cash balance.

As previously disclosed, the Company has been placed on the minimum trading price ("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 FY2018 was S$54.8 million, a decrease of 13% compared with FY2017 revenue of S$63.1 million. Both business segments of the Group saw lower business activities during the year under review, and the Group posted a loss from operations of S$0.6 million for FY2018, compared with a profit from operations of S$3.1 million for FY2017.

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

Business Segments:	Revenue		(Loss)/profit from Operations	
	FY2018 S$'000	FY2017 S$'000	FY2018 S$'000	FY2017 S$'000
Equipment and Supplies	19,381	23,602	(1,331)	370
Manufacturing and Support Services	35,406	39,477	777	2,734
Total	**54,787**	**63,079**	**(554)**	**3,104**

OPERATIONS AND FINANCIAL REVIEW

'Equipment and Supplies' Segment

Revenue of the Equipment and Supplies business for FY2018 decreased by S$4.2 million, or 18%, compared with FY2017 as sales of equipment and supplies to PCB manufacturers weakened. PCB manufacturers were generally cautious during the year in expanding their production capacities, due mainly to the economic slowdown in China as well as the ongoing trade tensions between China and the United States. The business segment posted an operating loss of S$1.3 million for the year under review, compared with an operating profit of S$0.4 million for the previous year.

'Manufacturing and Support Services' Segment

The Group's Manufacturing and Support Services business saw a decrease in revenue of 10% to S$35.4 million in FY2018 compared with FY2017. Whilst demand for PCB drilling services increased at the Group's plants in China during the year, this was negated by a decline in manufacturing activities at the Group's PCB mass lamination plant. The business segment also experienced a foreign exchange loss of S$0.4 million in FY2018. These factors, together with changes in the sales mix, led to a fall in operating profit from S$2.7 million in FY2017 to S$0.8 million in FY2018.

Other Income / (Expenses)

The decrease in other income in FY2018 was due mainly to the absence of a foreign exchange gain of S$1.1 million recorded last year. In contrast, the Group incurred a foreign exchange loss of S$0.4 million during the year under review due mainly to the weakening of the Chinese Renminbi against the Hong Kong dollar, as it has certain creditor balances denominated in that currency. In FY2017, the Group had the foreign exchange gain as it benefited from a weaker Hong Kong dollar then.

Selling and Distribution Expenses

The increase in selling and distribution expenses was due mainly to the provision of an allowance for doubtful debt of S$205,000 for the year ended 31 December 2018 under the expected credit loss impairment model, in accordance with SFRS(I) 9.

Income Tax Expense

An income tax expense arose in FY2018 in spite of the loss before income tax as certain subsidiaries within the Group were profitable, and that losses incurred by certain subsidiaries could not be offset against the profits of other subsidiaries for income tax purposes.

The effective tax rate was low in FY2017 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 upgrading of equipment for use in the Group's Manufacturing and Support Services business.

The decreases in trade and bill receivables of the Group were due mainly to payments received and lower business activities during the year under review.

Trade and other payables and trust receipts of the Group decreased due mainly to payments made and lower business activities during the year under review.

OPERATIONS AND FINANCIAL REVIEW

Indebtedness / Cash and Cash Equivalents

The Group was net cash positive at S$9.7 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 2018 S$'000	31 Dec 2017 S$'000
Due within 1 year:		
Finance leases	1	8
Bank loans	1,000	1,000
	1,001	**1,008**
Due after 1 year:		
Finance leases	3	4
	3	**4**
Total indebtedness	**1,004**	**1,012**
Cash and cash equivalents	**10,706**	**6,631**
Shareholders' equity	**48,868**	**51,873**

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

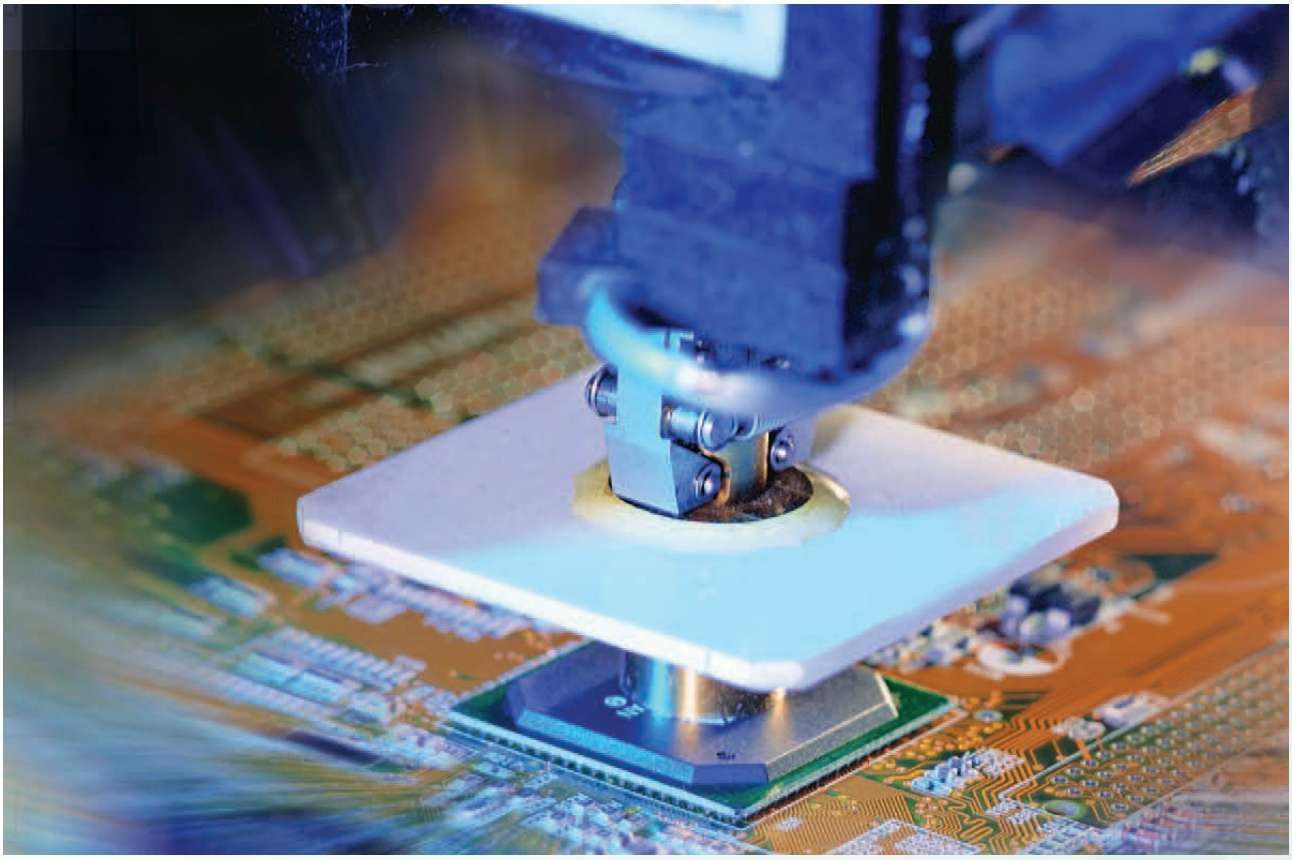
RISK FACTORS / MANAGEMENT

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. Over the years, along with rapid development of its information communications technology, China has become the world's largest manufacturing center for electronic products.

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 recognise 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 labour cost and difficulties in retaining the workers. Turnover of workers at the Group's plants in China was again high in FY2018, and negatively affected the growth and expansion at these plants. The Group will continuously review its processes to reduce manpower requirement, and 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 needs and enhance operational efficiency at its factories.

OPERATIONS AND FINANCIAL REVIEW

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 FY2018, the Directors have decided to remain prudent in the face of economic uncertainty 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)

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.

The Board notes that the Code has been revised in August 2018 and the revised Code of Corporate Governance (2018) will take effect in annual reports for financial years commencing from 1 January 2019. The Company will take appropriate steps to comply with the provisions of the revised Code of Corporate Governance where applicable.

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 recognises 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. Directors facing conflicts of interest shall recuse themselves from discussions and decisions involving the issues of conflict.

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	2
No. of meetings attended:				
Queeny Ho	2	2	1	1
Fung Chi Wai	4	4 #	1 #	–
Chua Keng Hiang	4	4	1	2
Teo Kiang Kok	3	3	1	2
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 Directors have separate and independent access to Management, the Company Secretary, and external advisors (where necessary) at the Company's expense. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

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.

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. Non-executive Directors are also invited to the Group's factories in Dongguan and are 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. 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. The Chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

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 AGM and other shareholder meetings;

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

- promoting high standards of corporate governance.

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

Board membership
Principle 4

The NC comprises Mr. Teo Kiang Kok as Chairman and 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.

With effect from 1 January 2019, all Directors will 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	10 August 2000	Not applicable.*	√
Chua Keng Hiang	16 June 2000	26 April 2018	
Teo Kiang Kok	3 September 2002	24 April 2017	√
Linna Hui Min	26 March 2007	24 April 2017	
Queeny Ho	29 May 2009	26 April 2018	

(* In previous years, Mr. Fung Chi Wai was not subject to retirement by rotation while he was 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. Fung Chi Wai, who is holding office as Managing Director of the Company, will submit himself for re-appointment as a Director at the forthcoming AGM in accordance with Rule 720(5) of the SGX-ST's Listing Manual. Mr. Fung's interests in the share capital of the Company are disclosed on pages 31 and 32 of the annual report.

Mr. Teo Kiang Kok will submit himself for re-appointment at the forthcoming AGM as a non-executive independent Director. He does not have any relationship with the Group, its Directors, officers or shareholders with shareholdings of 5% 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 2018, the Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board and their individual performance and contributions. The NC has discussed with the Board the assessment of the Board and individual Director's performance and effectiveness.

In addition, 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 FY2018.

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 2018, 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 2018 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 FY2018, 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 FY2018, 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 FY2018, 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 SGX-ST'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 FY2018, 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 2018 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 ("SLB"), a firm of advocates and solicitors, from 1987 to 2011 and is currently SLB's senior consultant. His main areas of practice are corporate finance, international finance and securities. Mr. Teo was for many years the Finance Partner of SLB. 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 2019, the AC met with the external auditors, Ernst & Young LLP, without the presence of the Company's Management, to review the results for FY2018, and reviewed with the external auditors the audit observations arising from the audit of the financial statements for FY2018.

CORPORATE GOVERNANCE

The AC met four times in FY2018. 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 FY2018, the AC had 4 meetings with the external auditors, one of which without the presence of Management. The principal activities of the AC during FY2018 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 FY2018, 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 FY2018 is S$181,000. 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 FY2018, 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 FY2018.

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 overseas, and in particular China, the AC has instructed the CFO to review certain critical areas at the Group's China and other overseas 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 participates in the SGX StockFacts Research Programme. 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 view of the uncertain economic outlook, the Board has decided to remain prudent and does not recommend the payment of dividend for the year ended 31 December 2018.

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 94 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 5 months from the financial year ended 31 December 2018 to issue their annual sustainability reports, and will separately issue the FY2018 sustainability report before the deadline.

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 2018.

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 2018 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, Teo Kiang Kok retires and being eligible, offer himself for re-election.

In accordance with Rule 720(5) of the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual, Fung Chi Wai submits himself for re-appointment.

Arrangements to enable Directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
Name of Director	At the beginning of the financial year	At the end of the financial year	At the beginning of the financial year	At the end of the financial year
The Company				
Jadason Enterprises Ltd (Ordinary shares)				
Queeny Ho	236,000,000	236,000,000	–	–
Fung Chi Wai	32,700,000	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 2019.

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 2018 are as follows:

Date of grant	Balance at 1.1.2018	Granted	Exercised	Cancelled	Balance at 31.12.2018	Exercise price	Exercise period
16.09.2009	14,800,000	–	–	(800,000)	14,000,000	$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;
- Reviewed effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management;

Audit Committee (continued)

- 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 Teo Kiang Kok and Ms Queeny Ho who were absent at one and two of the meetings, respectively. 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
29 March 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Jadason Enterprises Ltd
For the financial year ended 31 December 2018

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 2018, the income statements, statements 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 Singapore Financial Reporting Standards (International) (SFRS(I)) 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 2018 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.

Expected credit losses for trade receivables

Trade receivable balances were significant to the Group as they represent 32% of the total assets of the consolidated balance sheet. Trade receivables amounted to $21,420,000 as at 31 December 2018, against which an impairment of $578,000 was made. Impairment loss for trade receivables is determined based on the expected credit loss model under SFRS(I) 9.

As trade receivables contribute a significant part of the Group's working capital, management assesses the collectability and impairment of trade debtors on an ongoing basis. The impairment assessment is based on its historical credit loss experience, adjusted for current and forward-looking information specific to the debtors or group of debtors and economic environment. In addition, the Group determines impairment of trade receivables by making debtor-specific assessment for credit-impaired debtors and using provision matrix method for the remaining group of debtors. Significant management judgement is required in the assessment on recoverability of the Group's outstanding receivables particularly in determining the credit impaired amount. In forming judgement, management takes into consideration historical payment trends, age of the outstanding balances, existence of disputes, and other available information concerning trade debtors' creditworthiness. As significant management judgement is involved, we determined this to be a key audit matter.

Expected credit losses for trade receivables (continued)

Our audit procedures included, but are not limited to, the following procedures. We obtained an understanding of management's processes relating to the monitoring of trade receivables, including the process in determining whether a debtor is credit-impaired. We reviewed the aging of receivables to identify potential collectability issues and requested trade receivables confirmations. Where applicable, we reviewed management's reconciliations of confirmation replies and obtained evidence of receipts from selected trade debtors subsequent to financial year end. We reviewed data used in management's assessment of default rates and application of the forward-looking adjustments in the impairment computation and its reasonableness. We also assessed the adequacy of the Group's disclosures of trade receivables and the related credit and liquidity risks in Notes 14 and 28 to the financial statements.

Allowance for obsolete inventories

Inventories held by the Group amounted to $6,665,000 and constitutes to approximately 14% of the total current assets in the consolidated balance sheet. The Group is exposed to risk of obsolete inventories and records allowances against items which are obsolete or expected to be sold below cost. During the year, the Group has written back allowances for obsolete inventories amounting to $233,000. In estimating the amount of allowance for obsolete inventories, management takes into consideration factors such as expected market demand, technological advancements, age of the inventory and competitive pricing. Due to the significant level of management judgement involved, we have determined this to be a key audit matter.

As part of our audit procedures, we attended and observed management's inventory counts at selected locations where the Group's inventories are held and considered management's processes to identify obsolete inventories. We evaluated management's analysis and assessment of the net realisable values of obsolete inventories in determining the amount of allowance required at year end. In addition, we tested the accuracy of ageing of inventories and assessed the adequacy of disclosures related to inventories in Note 13 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 SFRS(I), 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 scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

29 March 2019

INCOME STATEMENTS

For the financial year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Revenue	4	54,787	63,079	8,154	9,227
Cost of sales		(44,450)	(51,093)	(6,987)	(7,622)
Gross profit		10,337	11,986	1,167	1,605
Other income	5	1,482	2,745	57	2,317
Selling and distribution expenses		(2,114)	(1,982)	(298)	(195)
Administrative expenses		(9,875)	(9,645)	(2,381)	(2,486)
Finance costs	6	(224)	(233)	(110)	(84)
Other expenses	5	(384)	–	(675)	(100)
(Loss)/profit before taxation	7	(778)	2,871	(2,240)	1,057
Income tax (expense)/credit	8	(566)	(47)	16	(1)
(Loss)/profit for the year		(1,344)	2,824	(2,224)	1,056
Attributable to:					
Owners of the Company		(1,344)	2,824	(2,224)	1,056
Basic (loss)/earnings per share (cents)	9	(0.19)	0.39		
Diluted (loss)/earnings per share (cents)	9	(0.19)	0.39		

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 2018

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
(Loss)/profit for the year	(1,344)	2,824	(2,224)	1,056
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(1,538)	(1,905)	1	–
Other comprehensive income for the financial year, net of tax	(1,538)	(1,905)	1	–
Total comprehensive income for the financial year	(2,882)	919	(2,223)	1,056
Total comprehensive income attributable to:				
Owners of the Company	(2,882)	919	(2,223)	1,056

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

BALANCE SHEETS

As at 31 December 2018

	Note	Group 31.12.2018 $'000	Group 31.12.2017 $'000	Group 1.1.2017 $'000	Company 31.12.2018 $'000	Company 31.12.2017 $'000	Company 1.1.2017 $'000
Non-current assets							
Property, plant and equipment	10	17,344	18,172	19,479	81	141	198
Land use rights	11	431	464	490	–	–	–
Investments in subsidiaries	12	–	–	–	55,619	56,046	62,708
		17,775	18,636	19,969	55,700	56,187	62,906
Current assets							
Inventories	13	6,665	6,630	5,086	958	357	325
Trade and other receivables	14	29,442	38,919	34,138	2,307	2,180	2,347
Prepayments		256	490	256	65	41	37
Cash and cash equivalents	15	10,706	6,631	18,721	686	1,466	2,916
		47,069	52,670	58,201	4,016	4,044	5,625
Total assets		64,844	71,306	78,170	59,716	60,231	68,531
Current liabilities							
Trade and other payables	16	12,884	16,109	17,328	7,433	5,264	14,892
Trust receipts	17	1,563	2,193	1,715	1,563	2,001	1,715
Finance leases	18	1	8	15	–	7	14
Interest-bearing loans and borrowings	19	1,000	1,000	7,624	1,000	1,000	1,000
Income tax payable		363	9	1	–	–	–
		15,811	19,319	26,683	9,996	8,272	17,621
Net current assets/(liabilities)		31,258	33,351	31,518	(5,980)	(4,228)	(11,996)
Non-current liabilities							
Finance leases	18	3	4	7	–	–	7
Provision for long service payment	20	162	94	510	–	–	–
Deferred taxation	21	–	16	16	–	16	16
		165	114	533	–	16	23
Total liabilities		15,976	19,433	27,216	9,996	8,288	17,644
Net assets		48,868	51,873	50,954	49,720	51,943	50,887
Equity attributable to owners of the Company							
Share capital	22(a)	50,197	50,197	50,197	50,197	50,197	50,197
Treasury shares	22(b)	(307)	(307)	(307)	(307)	(307)	(307)
Reserves	24	(1,022)	1,983	1,064	(170)	2,053	997
Total equity		48,868	51,873	50,954	49,720	51,943	50,887

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 2018

Group	Share capital	Treasury shares	Employee share option reserve	Foreign currency translation reserve	Reserve and enterprise expansion funds	Accumulated losses	Total reserves	Total equity
	Attributable to owners of the Company							
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018								
Balance at 1 January 2018 (FRS Framework)	50,197	(307)	1,280	(2,385)	5,711	(2,623)	1,983	51,873
Effect on adoption of SFRS(I) 9	–	–	–	–	–	(123)	(123)	(123)
Balance at 1 January 2018 (SFRS(I) Framework)	50,197	(307)	1,280	(2,385)	5,711	(2,746)	1,860	51,750
Loss for the financial year	–	–	–	–	–	(1,344)	(1,344)	(1,344)
<u>Other comprehensive income</u>								
Foreign currency translation	–	–	–	(1,538)	–	–	(1,538)	(1,538)
Total comprehensive income for the financial year	–	–	–	(1,538)	–	(1,344)	(2,882)	(2,882)
Balance at 31 December 2018	50,197	(307)	1,280	(3,923)	5,711	(4,090)	(1,022)	48,868
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
<u>Other comprehensive income</u>								
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

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 2018

Company	Share capital	Treasury shares	Employee share option reserve	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Total reserves	Total equity
	Attributable to owners of the Company						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018							
Balance at 1 January 2018	50,197	(307)	1,280	(82)	855	2,053	51,943
Loss for the financial year	–	–	–	–	(2,224)	(2,224)	(2,224)
Other comprehensive income							
Foreign currency translation	–	–	–	1	–	1	1
Total comprehensive income for the financial year	–	–	–	1	(2,224)	(2,223)	(2,223)
Balance at 31 December 2018	50,197	(307)	1,280	(81)	(1,369)	(170)	49,720
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

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 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities:			
(Loss)/profit before taxation		(778)	2,871
Adjustments for:			
Bad debts written off	7	64	–
Allowance for doubtful trade debts	14	223	–
Depreciation of property, plant and equipment	10	1,852	1,724
Amortisation of land use rights	11	18	18
Interest expense	6	224	233
Interest income	5	(37)	(146)
Loss/(gain) on disposal of property, plant and equipment	5	12	(50)
Write-back of allowance for doubtful trade debts	5	–	(73)
Write-off of property, plant and equipment	10	205	23
Write-back of inventories	13	(233)	(61)
Provision/(write-back) of long service payment	20	65	(375)
Write-off of inventories	13	3	7
Gain on acquisition of a subsidiary	12	–	(82)
Unrealised exchange loss/(gain)		162	(1,185)
Operating cash flows before changes in working capital		1,780	2,904
Changes in working capital			
Trade and other receivables		7,952	(4,976)
Prepayments		234	(234)
Inventories		195	(1,490)
Trade and other payables		(2,972)	(1,219)
Trust receipts		(630)	478
Provision for long service payment		–	(10)
Cash flows generated from/(used in) operations		6,559	(4,547)
Interest received		37	146
Interest paid		(224)	(233)
Income tax paid		(219)	(39)
Net cash flows generated from/(used in) operating activities		6,153	(4,673)
Cash flows from investing activities:			
Net cash inflow on acquisition of a subsidiary	12	–	82
Purchase of property, plant and equipment	10	(1,882)	(1,044)
Proceeds from disposal of property, plant and equipment		–	215
Net cash flows used in investing activities		(1,882)	(747)
Cash flows from financing activities:			
Proceeds from interest-bearing loans and borrowings		508	1,882
Repayment of interest-bearing loans and borrowings		(508)	(8,202)
Repayment of finance leases		(8)	(15)
Net cash flows used in financing activities		(8)	(6,335)
Net increase/(decrease) in cash and cash equivalents		4,263	(11,755)
Cash and cash equivalents at beginning of the financial year	15	6,631	18,721
Effects of exchange rate changes on cash and cash equivalents		(188)	(335)
Cash and cash equivalents at end of the financial year	15	10,706	6,631

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 and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the 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), except when otherwise indicated.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

2. Summary of significant accounting policies (continued)

2.2 First-time adoption of SFRS(I) (continued)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

<u>Classification and measurement</u>

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

2. Summary of significant accounting policies (continued)

2.2 First-time adoption of SFRS(I) (continued)

SFRS(I) 9 *Financial Instruments (continued)*

Classification and measurement (continued)

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There are no significant impact arising from measurement of these instruments under SFRS(I) 9.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Group recognised additonal impairment on the Group's trade receivables of $123,000. The additional impairment recognised arising from adoption of SFRS(I) 9 above resulted in corresponding decrease in retained earnings of $123,000 as at 1 January 2018.

The reconciliation for loss allowance for the Group are as follow:

	Group Trade receivables $'000
Opening loss allowance as at 1 January 2018	355
Amount restated through opening retained earnings	123
Adjusted loss allowance	478

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 January 2017. Had the Group elected not to apply this practical expedient, the amount of revenue recorded for the prior year would have been lower;

- For the comparative year ended 31 December 2017, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligation and an explanation of when the corresponding revenue is expected to be recognised.

The Group is in the business of supplying equipment, spare parts and materials for the Printed Circuit Board ("PCB") and semi-conductor industries as well as rendering services such as PCB drilling, PCB mass lamination and repair and maintenance of machines.

2. Summary of significant accounting policies (continued)

2.2 First-time adoption of SFRS(I) (continued)

SFRS(I) 15 *Revenue from Contracts with Customers (continued)*

The Group has assessed that there is no significant impact upon adoption of SFRS(I) 15. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the goods or services. The performance obligation is satisfied at a point in time and the amount of revenue recognised is the amount allocated to the satisfied performance obligation.

A detailed summary of the revenue recognition policy adopted by the Group is set up in Note 2.18.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I), including application of new standards on 31 December 2017 and 1 January 2018 to the balance sheet of the Group. The adoption of SFRS(I) 1 and 15 does not have any impact to the balance sheet of the Group as at 1 January 2018.

		Group	
	31.12.2017 (FRS)	SFRS(I) 9 adjustments	1.1.2018 (SFRS(I))
	$'000	$'000	$'000
Non-current assets			
Property, plant and equipment	18,172	–	18,172
Land use rights	464	–	464
	18,636	–	18,636
Current assets			
Inventories	6,630	–	6,630
Trade and other receivables	38,919	(123)	38,796
Prepayments	490	–	490
Cash and cash equivalents	6,631	–	6,631
	52,670	(123)	52,547
Total assets	71,306	(123)	71,183
Current liabilities			
Trade and other payables	16,109	–	16,109
Trust receipts	2,193	–	2,193
Finance leases	8	–	8
Interest-bearing loans and borrowings	1,000	–	1,000
Income tax payable	9	–	9
	19,319	–	19,319
Net current assets	33,351	(123)	33,228
Non-current liabilities			
Finance leases	4	–	4
Provision for long service payment	94	–	94
Deferred taxation	16	–	16
	114	–	114
Total liabilities	19,433	–	19,433
Net assets	51,873	(123)	51,750

2. Summary of significant accounting policies (continued)

2.2 First-time adoption of SFRS(I) (continued)

	Group		
	31.12.2017 (FRS)	**SFRS(I) 9 adjustments**	**1.1.2018 (SFRS(I))**
	$'000	$'000	$'000
Equity attributable to owners of the Company			
Share capital	50,197	–	50,197
Treasury shares	(307)	–	(307)
Reserves	1,983	(123)	1,860
Total equity	51,873	(123)	51,750

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***
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above 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) 16 are described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemption for lessees – leases of "low value" assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019. The Group expects that the adoption of SFRS(I) 16 will increase its total assets and liabilities, EBITDA and gearing ratio. The operating cash flows will increase and financing cash flow will decrease as repayment of the principal portion of the lease liabilities will be reclassified as cash flows from financing activities.

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.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations (continued)

(a) Basis of consolidation (continued)

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

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

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

(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 an asset or liability, will be recognised in profit or loss.

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.

2.5 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.

2. Summary of significant accounting policies (continued)

2.5 Foreign currency (continued)

(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 exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of 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.

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

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 an 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 groups 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.

2. Summary of significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

Impairment losses 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.

2.9 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 balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (continued)

2.10 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Investments in debt instruments (continued)

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

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 for debt instruments 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.

(b) 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)

2.10 Financial instruments (continued)

(b) 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. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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. Summary of significant accounting policies (continued)

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 weighted average basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are recognised on a first in first out basis.

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 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.

2.15 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.

2.16 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.

2. Summary of significant accounting policies (continued)

2.16 Employee benefits (continued)

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued 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.

(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.

2.17 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. Summary of significant accounting policies (continued)

2.18 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods and rendering of services

The Group supplies equipment, spare parts and materials for the Printed Circuit Board ("PCB") and semi-conductor industries as well as rendering services such as PCB drilling, PCB mass lamination and repair and maintenance of machines.

Revenue is recognised when the goods are delivered or services are rendered to the customer and all criterial for acceptance has been satisfied. An estimated transaction price is allocated to each performance obligation in the contract on the basis of the relative stand-alone selling prices of the promised goods and services, net of the estimated volume discounts and adjusted for expected returns.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

2.19 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.

2. Summary of significant accounting policies (continued)

2.19 Taxes (continued)

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

2.19 Taxes (continued)

(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.

2.20 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".

2.21 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 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 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.

2.23 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.

2.24 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

2. Summary of significant accounting policies (continued)

2.24 Contingencies (continued)

(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 consolidated 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 end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period 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) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 28(a).

3. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

(a) Provision for expected credit losses of trade receivables (continued)

The carrying amount of trade receivables as at 31 December 2018 is $20,842,000 (31 December 2017: $27,066,000, 1 January 2017: $26,871,000) respectively.

(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 13 to the financial statements.

(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 $363,000 (31 December 2017: $9,000, 1 January 2017: $1,000) and $Nil (31 December 2017: $16,000, 1 January 2017: $16,000) respectively.

(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 2018 was $42,054,000 (2017: $38,340,000).

4. Revenue

	Sale of goods		Service income		Total revenue	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Primary geographical markets						
Singapore	5,577	5,350	668	611	6,245	5,961
The People's Republic of China	12,104	16,994	32,988	37,005	45,092	53,999
Others	1,700	1,258	1,750	1,861	3,450	3,119
	19,381	23,602	35,406	39,477	54,787	63,079
Timing of transfer of goods or service						
At a point in time	19,381	23,602	35,406	39,477	54,787	63,079
Company						
Primary geographical markets						
Singapore	5,430	5,084	668	611	6,098	5,695
The People's Republic of China	15	1,732	251	346	266	2,078
Others	1,234	647	556	807	1,790	1,454
	6,679	7,463	1,475	1,764	8,154	9,227
Timing of transfer of goods or service						
At a point in time	6,679	7,463	1,475	1,764	8,154	9,227

5. Other income/(expenses)

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Other income comprise:				
Foreign exchange gain, net	–	1,137	–	720
Dividend income from subsidiaries	–	–	–	1,500
Gain on disposal of property, plant and equipment	–	50	–	–
Interest income from financial institutions	37	146	–	1
Write-back of provision for long service payment	–	375	–	–
Income from scrap sales	998	674	–	–
Write-back of allowance for doubtful trade debts	–	73	–	–
Income from government subsidies*	64	40	18	20
Net compensation from insurance	288	–	–	–
Gain on acquisition of a subsidiary	–	82	–	–
Sundry income	95	168	39	76
	1,482	2,745	57	2,317

5. Other income/(expenses) (continued)

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Other expenses comprise:				
Foreign exchange loss, net	(372)	–	(123)	–
Allowance for impairment loss on investment in a subsidiary	–	–	(427)	–
Allowance for impairment loss on amount due from subsidiaries	–	–	(125)	(100)
Loss on disposal of property, plant and equipment	(12)	–	–	–
	(384)	–	(675)	(100)

* Government subsidies from Singapore and China mainly comprise of Special Employment Credit, Productivity and Innovation Credit Scheme, Wage Credit Scheme, government grants for trading of goods and services and labour incentives grant.

6. Finance costs

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Bank borrowings	224	233	110	84

7. (Loss)/profit before taxation

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

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Depreciation of property, plant and equipment	1,852	1,724	67	76
Write-off of property, plant and equipment	205	23	–	–
Amortisation of land use rights	18	18	–	–
Directors' fees	150	150	150	150
Write-back of inventories	(233)	(61)	(5)	(61)
Write-off of inventories	3	7	3	7
Write-back of allowance for doubtful trade receivables	–	(73)	–	–
Allowance for doubtful trade receivables	223	–	26	–
Bad debts written off	64	–	64	–
Operating lease expense	3,421	3,029	208	208
Audit fees:				
- Auditors of the Company	83	83	83	83
- Affiliates of auditors of the Company	98	92	–	–
- Other auditors	63	62	–	5
Non-audit fees:				
- Other auditors	7	6	–	–
Total audit and non-audit fees	251	243	83	88

8. Income tax expense/(credit)

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2018 and 2017 are:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Current income tax:				
Current tax	547	31	–	–
Under provision in respect of prior years	35	15	–	–
Deferred income tax:				
Origination and reversal of temporary differences	(16)	–	(16)	–
Withholding tax:				
Paid on services rendered to overseas customers	–	1	–	1
	566	47	(16)	1

(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 2018 and 2017 are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
(Loss)/profit before taxation	(778)	2,871	(2,240)	1,057
Tax at the statutory rate of 17% (2017: 17%)	(132)	488	(381)	180
Tax effects of expenses not deductible for tax purposes	48	34	131	41
Tax effect of income not subject to tax	(57)	(101)	(2)	(371)
Deferred tax assets not recognised	824	408	252	153
Utilisation of deferred tax assets previously not recognised	(181)	(900)	–	–
Differences in tax rates of other countries	21	102	–	(3)
Under provision in respect of prior years	35	15	–	–
Withholding tax paid on services rendered to overseas customers	–	1	–	1
Others	8	–	(16)	–
Income tax expense/(credit) recognised in profit or loss	566	47	(16)	1

8. Income tax expense/(credit) (continued)

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

The corporate income tax rate applicable to the Company was 17% (2017: 17%). The corporate income tax rates applicable to The People's Republic of China, Malaysia and Hongkong subsidiaries of the Group were 25% (2017: 25%), 24% (2017: 24%) and 16.5% (2017: 16.5%) respectively.

As at 31 December 2018, the Group has unutilised tax losses and unabsorbed capital allowances amounting to approximately $42,054,000 (2017: $38,340,000) 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 2018, the Company has unutilised tax losses and unabsorbed capital allowances amounting to approximately $11,860,000 (2017: $10,376,000). 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	
	2018	**2017**
	$'000	$'000
(Loss)/profit for the year attributable to owners of the Company used in computation of basic and diluted earnings per share	(1,344)	2,824

	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 since the exercise price is above transaction price.

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 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 and 1 January 2018	1,764	10,421	2,799	1,684	98,013	114,681
Net exchange differences	(61)	(445)	(25)	(20)	(3,666)	(4,217)
Additions	415	13	97	60	1,297	1,882
Disposals	(25)	–	–	–	(7)	(32)
Write-off	–	(148)	(25)	–	(671)	(844)
At 31 December 2018	2,093	9,841	2,846	1,724	94,966	111,470
Accumulated depreciation and impairment loss:						
At 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 and 1 January 2018	1,269	6,943	2,702	1,416	84,179	96,509
Net exchange differences	(47)	(238)	(39)	(16)	(3,236)	(3,576)
Charge for the year	128	457	111	101	1,055	1,852
Disposals	(13)	–	–	–	(7)	(20)
Write-off	–	(84)	(24)	–	(531)	(639)
At 31 December 2018	1,337	7,078	2,750	1,501	81,460	94,126
Net carrying amount:						
At 1 January 2017	623	3,833	172	337	14,514	19,479
At 31 December 2017	495	3,478	97	268	13,834	18,172
At 31 December 2018	756	2,763	96	223	13,506	17,344

10. Property, plant and equipment (continued)

Company	Leasehold improve-ments	Furniture, fittings and office equip-ment	Motor vehicles	Plant and machinery	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 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 and 1 January 2018	160	689	540	993	2,382
Additions	–	7	–	–	7
Write-off	–	(5)	–	–	(5)
At 31 December 2018	160	691	540	993	2,384
Accumulated depreciation:					
At 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 and 1 January 2018	155	624	473	989	2,241
Charge for the year	2	32	31	2	67
Write-off	–	(5)	–	–	(5)
At 31 December 2018	157	651	504	991	2,303
Net carrying amount:					
At 1 January 2017	8	81	98	11	198
At 31 December 2017	5	65	67	4	141
At 31 December 2018	3	40	36	2	81

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 $36,000 (2017: $67,000).

Assets held under finance leases

During the previous 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 $Nil (31 December 2017: $30,000, 1 January 2017: $50,000) and $5,000 (31 December 2017: $6,000, 1 January 2017: $2,000) respectively.

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 2018 and 2017 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	
	2018	**2017**
	$'000	$'000
Useful life - increased by 2 years	(200)	(111)
Useful life - decreased by 2 years	197	184

11. Land use rights

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Cost:			
At 1 January	698	708	740
Net exchange differences	(24)	(10)	(32)
At 31 December	674	698	708
Accumulated amortisation:			
At 1 January	234	218	209
Net exchange differences	(9)	(2)	(9)
Charge for the year	18	18	18
At 31 December	243	234	218
Net carrying amount	431	464	490
Amount to be amortised:			
- Not later than one year	21	21	21
- Later than one year but not later than five years	84	84	84
- Later than five years	326	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 31.5 years (2017: 32.5 years).

12. Investments in subsidiaries

	Company 31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000
Unquoted equity shares, at cost	57,211	63,873	63,873
Capital reduction (Note 12(b))	–	(6,662)	–
Impairment loss on investment in subsidiaries	(1,592)	(1,165)	(1,165)
Unquoted equity shares, at cost	55,619	56,046	62,708

Details of subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 31.12.2018 %	31.12.2017 %	1.1.2017 %
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	100
Jadason Engineering Sdn Bhd [2]	Malaysia	Provision of drilling and resharpening services and distribution of supplies to the PCB industry.	100	100	100
Jadason Enterprises (Thailand) Limited [3]	Thailand	Installation of machines and provision of support services to the PCB and semiconductor industries.	100	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	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	100
Jadason Enterprises (Japan) Limited [6]	Japan	Provision of sales support and procurement services.	100	100	100
Jadason PCB Materials (Dongguan) Ltd [7],[8]	The People's Republic of China	Mass lamination of printed circuit boards.	100	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	100
Jadason Scientific (Dongguan) Ltd [7]	The People's Republic of China	Assembly of laser photoplotters, exposure machines and other PCB equipment for the PCB industry.	100	100	100
Infinite Graphics Pte Ltd [9]	Singapore	Trading of large format photo masks.	100	100	50

12. Investments in subsidiaries (continued)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 31.12.2018 %	31.12.2017 %	1.1.2017 %
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	100
CymbolicTech Company Limited [(1)]	Hong Kong	Manufacturing and trading of machinery. The company is dormant.	100	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	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	100
Held by Jadason Test Limited					
Jadason Test (Suzhou) Limited [(4),(8)]	The People's Republic of China	Provision of testing services for printed circuit boards. The company is dormant during the year.	100	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.

12. Investments in subsidiaries (continued)

(a) Acquisition of a subsidiary

In 2017, the Company acquired an additional 50% equity interest in its 50% owned associate, Infinite Graphics Pte Ltd. 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.

The fair values of the identifiable assets and liabilities of Infinite Graphics Pte Ltd as at the date of acquisition were 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 14)	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

In 2017, 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) Impairment loss on investment in subsidiaries

During the financial year, the Company recognised an impairment loss of $427,000 (2017: $Nil) on its investment in a wholly-owned subsidiary, to reduce the carrying value of the investment to the recoverable amount of its net assets, comprising monetary items which approximate their fair values.

(d) 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 $7,265,000 (31 December 2017: $3,955,000, 1 January 2017: $14,005,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

13. Inventories

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Balance sheet:						
Raw materials	1,274	668	1,130	–	–	–
Work-in-progress	–	217	340	–	–	–
Finished goods	5,391	5,745	3,616	958	357	325
Total inventories at lower of cost and net realisable value	6,665	6,630	5,086	958	357	325
Income statement:						
Inventories recognised as an expense in cost of sales inclusive of the following charge:	26,612	34,345	27,157	6,934	7,589	9,132
- Inventories written-off	3	7	171	3	7	171
- Inventories written-back	(233)	(61)	(473)	(5)	(61)	(26)

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

14. Trade and other receivables

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other receivables (current):						
Trade receivables	21,420	27,421	27,438	2,067	1,691	2,059
Less: Allowance for doubtful trade receivables	(578)	(355)	(567)	(26)	–	(139)
	20,842	27,066	26,871	2,041	1,691	1,920
Bills receivables	8,319	11,239	6,168	–	–	–
Trade amount due from subsidiaries	–	–	–	4	81	7
Non-trade amount due from subsidiaries	–	–	–	8,043	8,043	3,445
Less: Allowance for impairment loss on amount due from subsidiaries	–	–	–	(7,827)	(7,702)	(3,081)
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	103	95	237	43	47	46
Others	178	519	862	3	20	10
Total trade and other receivables (current)	29,442	38,919	34,138	2,307	2,180	2,347
Add: Cash and cash equivalents (Note 15)	10,706	6,631	18,721	686	1,466	2,916
Total loans and receivables	40,148	45,550	52,859	2,993	3,646	5,263

14. Trade and other receivables (continued)

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. Included in trade receivables are unbilled sales amounting to $8,879,000 (31 December 2017: $11,404,000, 1 January 2017: $13,065,000).

Bills receivables

Bills receivables have an average maturity period of 90 (2017: 90) days from the end of the reporting period with effective interest rates of 3.90% to 5.50% (2017: 4.80% to 6.50%) per annum.

Amounts due from subsidiaries

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

During the financial year, the Company reviewed the recoverability of the amounts owing by two subsidiaries and noted that the cessation of production of certain equipment and failure to gain access to an overseas market had affected the revenue, profitability and prospect of the subsidiaries. The review led to the recognition of an impairment loss of $125,000 (31 December 2017: $100,000, 1 January 2017: $3,081,000) on the amounts owing by the subsidiaries to the Company.

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

		Company	
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
At 1 January	7,702	3,081	–
Amount due from a former associate, which had been impaired in previous year and became a subsidiary in 2017 (Note 12a)	–	4,521	–
Charge for the year	125	100	3,081
At 31 December	7,827	7,702	3,081

Amount due from a related party

Amount due from a related party was denominated in Hong Kong dollars and related to the outstanding amount owing by Jadason Technology Limited ("JTL"), a former subsidiary. The amount was scheduled to be repaid to the Group on an instalment basis over the period from February 2012 to February 2015. Interest was 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 had not received balance of $906,000 (HK$4,000,000 plus interest). An allowance for doubtful debt of $906,000 had been made in respect of the outstanding amount in prior years. The outstanding amount was written off during the year.

14. Trade and other receivables (continued)

Trade and other receivables are denominated in the following currencies:

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore Dollar	292	274	74	316	329	143
United States Dollar	1,684	1,986	2,509	1,381	1,612	1,894
Japanese Yen	501	289	134	571	181	235
Euro Dollar	152	190	70	28	40	18
Hong Kong Dollar	178	176	227	–	–	2
Renminbi	26,220	35,604	30,612	–	–	–
Malaysian Ringgit	147	187	272	–	–	–
Others	268	213	240	11	18	55
	29,442	38,919	34,138	2,307	2,180	2,347

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to $5,580,000 as at 31 December 2017 and $5,402,000 as at 1 January 2017 and $1,175,000 as at 31 December 2017 and $990,000 as at 1 January 2017 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	
	31.12.2017	**1.1.2017**	**31.12.2017**	**1.1.2017**
	$'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

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

As at 31 December 2017, the Company has provided an allowance of $7,702,000 (1 January 2017: $3,081,000) for impairment of the intercompany receivables to fellow subsidiaries with a nominal amount of $7,702,000 (1 January 2017: $3,081,000). The fellow subsidiaries have been incurring significant financial losses for the current and past few financial years.

14. Trade and other receivables (continued)

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	
	31.12.2017	1.1.2017	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	881	1,300	–	322
Less: Allowance for impairment	(355)	(567)	–	(139)
	526	733	–	183
Movement in allowance accounts:				
At 1 January	567		139	
Charge for the year	–		–	
Recovery for the year	(73)		–	
Write-off for the year	(139)		(139)	
At 31 December	355		–	

Expected credit losses

The movement in allowance for expected credit losses of trade receivables based on lifetime ECL are as follows:

	Trade and receivables	
	Group	Company
	2018	2018
	$'000	$'000
Movement in allowance accounts:		
At 31 December 2017 under FRS 39	355	–
Effect of adopting SFRS(I) 9	123	–
At 1 January	478	–
Charge for the year	223	26
Write-off for the year	(123)	–
At 31 December	578	26

15. Cash and cash equivalents

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at banks and on hand	10,706	6,631	16,743	686	1,466	2,916
Bank deposits	–	–	1,978	–	–	–
	10,706	6,631	18,721	686	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% (31 December 2017: 0.001% to 1.00%,1 January 2017: 0.001% to 1.00%) per annum.

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

15. Cash and cash equivalents (continued)

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

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore Dollar	103	108	383	78	54	378
United States Dollar	758	1,503	2,574	409	1,199	2,391
Japanese Yen	487	142	52	87	76	9
Euro Dollar	131	213	55	13	48	9
Hong Kong Dollar	1,459	115	959	2	2	2
Renminbi	7,335	4,033	14,311	69	71	72
Malaysian Ringgit	213	269	233	–	–	–
Others	220	248	154	28	16	55
	10,706	6,631	18,721	686	1,466	2,916

16. Trade and other payables

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	9,192	12,247	12,997	2,447	1,438	2,930
Advances from customer	692	–	–	692	–	–
Trade amount due to subsidiaries	–	–	–	343	398	370
Non-trade amount due to subsidiaries	–	–	–	3,523	2,944	11,183
Other payables	710	1,478	1,433	4	73	1
Accruals	2,290	2,384	2,898	424	411	408
Total trade and other payables	12,884	16,109	17,328	7,433	5,264	14,892
Add:						
Trust receipts (Note 17)	1,563	2,193	1,715	1,563	2,001	1,715
Finance leases (Note 18)	4	12	22	–	7	21
Interest-bearing loans and borrowings (Note 19)	1,000	1,000	7,624	1,000	1,000	1,000
	15,451	19,314	26,689	9,996	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.

16. Trade and other payables (continued)

Amounts due to subsidiaries

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

Trade and other payables are denominated in the following currencies:

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore Dollar	536	536	473	789	718	5,297
United States Dollar	2,083	1,677	3,403	3,859	3,172	4,694
Japanese Yen	1,579	507	130	1,344	13	11
Euro Dollar	133	200	32	47	11	10
Hong Kong Dollar	166	152	268	1,190	1,143	4,671
Renminbi	8,282	12,934	12,922	52	53	54
Malaysian Ringgit	35	–	–	–	–	–
Others	70	103	100	152	154	155
	12,884	16,109	17,328	7,433	5,264	14,892

17. Trust receipts

Trust receipts have a maturity period of 120 days (2017: 120 days) with interest rates of 4.36% to 5.14% (31 December 2017: 2.00% to 4.05%, 1 January 2017: 2.25% to 3.43%) per annum.

Trust receipts are denominated in the following currencies:

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollar	1,563	2,001	1,567	1,563	2,001	1,567
Euro Dollar	–	192	–	–	–	–
Swiss Franc	–	–	148	–	–	148
	1,563	2,193	1,715	1,563	2,001	1,715

18. 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 Nil% (2017: 3.7%) per annum.

The finance lease liabilities for the Company bore interest at 3.7% per annum in 2017.

18. Finance leases (continued)

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

	31.12.2018		31.12.2017		1.1.2017	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Within 1 year	1	1	8	8	15	15
After 1 year but within 5 years	3	3	4	4	8	7
Total minimum lease payments	4	4	12	12	23	22
Less: Amounts representing finance charges	–	–	–	–	(1)	–
Present value of minimum lease payments	4	4	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		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Singapore Dollar	–	7	14	–	7	14
Hong Kong Dollar	1	1	1	–	–	–
	1	8	15	–	7	14
Non-current						
Singapore Dollar	–	–	7	–	–	7
Hong Kong Dollar	3	4	–	–	–	–
	3	4	7	–	–	7

19. Interest-bearing loans and borrowings

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Short term loans	1,000	1,000	7,624	1,000	1,000	1,000

The Singapore short term bank loan is unsecured and bears interest at 4.42% per annum (2017: 3.75% per annum).

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		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Singapore Dollar	1,000	1,000	1,000	1,000	1,000	1,000
Hong Kong Dollar	–	–	6,624	–	–	–
	1,000	1,000	7,624	1,000	1,000	1,000

A reconciliation of liabilities arising from the Group's financing activities is as follows:

			Non-cash changes			
	31 December 2017	Cash flows	Acquisition	Foreign exchange movement	Other	31 December 2018
	$'000	$'000	$'000	$'000	$'000	$'000
Loans						
- current	1,000	–	–	–	–	1,000
Obligations under finance leases						
- current	8	(8)	–	–	1	1
- non-current	4	–	–	–	(1)	3
	1,012	(8)	–	–	–	1,004

19. Interest-bearing loans and borrowings (continued)

The Group has drawn down on credit facilities amounting to S$508,000 during the year which was fully repaid at year end.

	1 January 2017	Cash flows	Non-cash changes: Acquisition	Non-cash changes: Foreign exchange movement	Non-cash changes: Other	31 December 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.

20. 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 31.12.2018	Group 31.12.2017	Group 1.1.2017
	$'000	$'000	$'000
At beginning of year	94	510	499
Net exchange differences	3	(31)	12
Payment during the year	–	(10)	(1)
Provision/(write-back) during the year	65	(375)	–
At end of year	162	94	510

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

21. Deferred taxation

	Group 31.12.2018	Group 31.12.2017	Group 1.1.2017	Company 31.12.2018	Company 31.12.2017	Company 1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000
At beginning of year	16	16	24	16	16	16
Origination and reversal of temporary differences	(16)	–	(8)	(16)	–	–
At end of year	–	16	16	–	16	16

22. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2018		2017	
	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.

(b) Treasury shares

	Group and Company			
	2018		2017	
	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.

23. Employee benefits

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Employee benefits expenses (including Directors):				
Salaries and bonuses	12,250	12,753	1,375	1,484
Defined contributions	1,254	1,353	127	129
	13,504	14,106	1,502	1,613

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.

23. Employee benefits (continued)

Share options (continued)

Under the Scheme, share options granted, exercised and cancelled during the financial year and outstanding as at 31 December 2018 were as follows:

2018

Date of grant	Balance at 1.1.2018	Granted	Exercised	Cancelled	Balance at 31.12.2018	Exercise price	Exercise period
16.9.2009	14,800,000[1]	–	–	(800,000)	14,000,000	$0.10	16 September 2010 to 15 September 2019
	14,800,000	–	–	(800,000)	14,000,000		

2017

Date of grant	Balance at 1.1.2017	Granted	Exercised	Cancelled	Balance at 31.12.2017	Exercise price	Exercise period
16.9.2009	14,800,000[1]	–	–	–	14,800,000	$0.10	16 September 2010 to 15 September 2019
	14,800,000	–	–	–	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.

24. Reserves

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Employee share option reserve	1,280	1,280	1,280	1,280
Foreign currency translation reserve	(3,923)	(2,385)	(81)	(82)
Reserve and enterprise expansion funds	5,711	5,711	–	–
(Accumulated losses)/retained earnings	(4,090)	(2,623)	(1,369)	855
	(1,022)	1,983	(170)	2,053

(a) Employee share option reserve

	Group		Company	
	2018	2017	2018	2017
	$'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	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
At 1 January	(2,385)	(480)	(82)	(82)
Net effect of exchange differences	(1,538)	(1,905)	1	–
At 31 December	(3,923)	(2,385)	(81)	(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	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
At 1 January and 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.

25. 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	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Purchase of goods from subsidiaries	–	–	69	83
Sales of goods to subsidiaries	–	–	22	199
Dividend income	–	–	–	1,500
Rental income from a subsidiary	–	–	30	36

(b) Compensation of key management personnel

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Short-term employment benefits	1,110	1,102	606	596
Defined contribution plans	40	40	33	33
	1,150	1,142	639	629
Comprise amounts paid to:				
Directors of the Group	769	772	258	259
Other key management personnel	381	370	381	370
	1,150	1,142	639	629

26. 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 $3,421,000 and $208,000 (31 December 2017: $3,029,000 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		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 year	3,433	1,767	2,453	208	87	207
After 1 year but within 5 years	6,820	1,614	2,231	86	–	86
After 5 years	423	–	–	–	–	–
	10,676	3,381	4,684	294	87	293

(b) *Contingent liabilities*

	Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'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.

27. 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:

	31.12.2018		31.12.2017		1.1.2017	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Financial liabilities						
Finance leases (non-current)	3	3	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 2018 and 2017.

(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.

28. 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.

28. Financial risk management objectives and policies (continued)

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

(a) Credit risk

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

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

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

– Internal credit rating

– External credit rating

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determines that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the borrower

– A breach of contract, such as a default or past due event

– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

28. Financial risk management objectives and policies (continued)

(a) Credit risk

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2018 is determined as follows. The expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix, grouped by geographical region:

China:

31 December 2018	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
$'000					
Gross carrying amount	17,432	696	88	923	19,139
Loss allowance provision	(275)	(11)	(1)	(265)	(552)

Singapore and other geographical areas:

31 December 2018	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
$'000					
Gross carrying amount	1,889	162	50	180	2,281
Loss allowance provision	(21)	(2)	(1)	(2)	(26)

Information regarding loss allowance movement of trade receivables are disclosed in Note 14.

During the financial year, the Group wrote-off $64,000 of trade receivables which are more than 365 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

28. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

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			
	2018		2017	
	$'000	% of total	$'000	% of total
By country:				
Singapore	1,366	7%	1,058	4%
The People's Republic of China including Hong Kong	18,587	89%	25,269	93%
Malaysia	572	3%	478	2%
Other countries	317	1%	261	1%
	20,842	100%	27,066	100%
By industry sector:				
Equipment and supplies	4,907	24%	6,269	23%
Manufacturing and support services	15,935	76%	20,797	77%
	20,842	100%	27,066	100%

At the end of the reporting period, 64% (2017: 49%) of the Group's trade receivables (current) were due from two major customer group (2017: two) who are located in China.

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 14 (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.

28. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

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

Group	One year or less $'000	One to five years $'000	Total $'000
31 December 2018			
Financial assets			
Trade and other receivables (Note 14)	29,442	–	29,442
Cash and cash equivalents (Note 15)	10,706	–	10,706
Total undiscounted financial assets	40,148	–	40,148
Financial liabilities			
Trade and other payables (Note 16)	12,884	–	12,884
Trust receipts (Note 17)	1,563	–	1,563
Finance leases (Note 18)	1	3	4
Interest-bearing loans and borrowings	1,040	–	1,040
Total undiscounted financial liabilities	15,488	3	15,491
Total net undiscounted financial assets/(liabilities)	24,660	(3)	24,657
31 December 2017			
Financial assets			
Trade and other receivables (Note 14)	38,919	–	38,919
Cash and cash equivalents (Note 15)	6,631	–	6,631
Total undiscounted financial assets	45,550	–	45,550
Financial liabilities			
Trade and other payables (Note 16)	16,109	–	16,109
Trust receipts (Note 17)	2,193	–	2,193
Finance leases (Note 18)	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
1 January 2017			
Financial assets			
Trade and other receivables (Note 14)	34,138	–	34,138
Cash and cash equivalents (Note 15)	18,721	–	18,721
Total undiscounted financial assets	52,859	–	52,859
Financial liabilities			
Trade and other payables (Note 16)	17,328	–	17,328
Trust receipts (Note 17)	1,715	–	1,715
Finance leases (Note 18)	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

28. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

Company	One year or less $'000	One to five years $'000	Total $'000
31 December 2018			
Financial assets			
Trade and other receivables (Note 14)	2,307	–	2,307
Cash and cash equivalents (Note 15)	686	–	686
Total undiscounted financial assets	2,993	–	2,993
Financial liabilities			
Trade and other payables (Note 16)	7,433	–	7,433
Trust receipts (Note 17)	1,563	–	1,563
Finance leases (Note 18)	–	–	–
Interest-bearing loans and borrowings	1,040	–	1,040
Total undiscounted financial liabilities	10,036	–	10,036
Total net undiscounted financial liabilities	(7,043)	–	(7,043)
31 December 2017			
Financial assets			
Trade and other receivables (Note 14)	2,180	–	2,180
Cash and cash equivalents (Note 15)	1,466	–	1,466
Total undiscounted financial assets	3,646	–	3,646
Financial liabilities			
Trade and other payables (Note 16)	5,264	–	5,264
Trust receipts (Note 17)	2,001	–	2,001
Finance leases (Note 18)	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)
1 January 2017			
Financial assets			
Trade and other receivables (Note 14)	2,347	–	2,347
Cash and cash equivalents (Note 15)	2,916	–	2,916
Total undiscounted financial assets	5,263	–	5,263
Financial liabilities			
Trade and other payables (Note 16)	14,892	–	14,892
Trust receipts (Note 17)	1,715	–	1,715
Finance leases (Note 18)	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)

28. 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
31 December 2018			
Financial guarantees	–	–	–
31 December 2017			
Financial guarantees	192	–	192
1 January 2017			
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.

Sensitivity analysis for interest rate risk

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

Group	**Increase/ (decrease) in loss before tax 2018**	**Increase/ (decrease) in profit before tax 2017**
	$'000	$'000
Floating rate interest-bearing loans and borrowings - increased by 1%	8	(8)
Floating rate interest-bearing loans and borrowings - decreased by 1%	(8)	8

28. Financial risk management objectives and policies (continued)

(c) Interest rate risk (continued)

Sensitivity analysis for interest rate risk (continued)

Company	Increase/ (decrease) in loss before tax 2018 $'000	Increase/ (decrease) in profit before tax 2017 $'000
Floating rate interest-bearing loans and borrowings - increased by 1%	8	(8)
Floating rate interest-bearing loans and borrowings - decreased by 1%	(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 and RMB exchange rates (against SGD), with all other variables held constant:

	(Increase)/ decrease in loss before tax 2018 $'000	Increase/ (decrease) in profit before tax 2017 $'000
USD - strengthened 4%	(53)	(25)
USD - weakened 4%	53	25
RMB - strengthened 5%	3	4
RMB - weakened 5%	(3)	(4)

29. 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 2018 and 31 December 2017.

As disclosed in Note 24, 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 2018 and 31 December 2017.

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	
	2018	**2017**
	$'000	$'000
Loans and borrowings (Note 19)	1,000	1,000
Finance leases (Note 18)	4	12
Less: Cash and cash equivalents (Note 15)	(10,706)	(6,631)
Net cash	(9,702)	(5,619)
Equity attributable to owners of the Company	48,868	51,873
Less: Reserve and enterprise expansion funds	(5,711)	(5,711)
Total capital	43,157	46,162
Capital and net cash	52,859	51,781
Gearing ratio	N.M.	N.M

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

30. 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.

30. 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.

	Equipment and supplies $'000	Manu-facturing and support services $'000	Others $'000	Total $'000
2018				
Revenue				
- External sales	19,381	35,406	–	54,787
Total	19,381	35,406	–	54,787
Results				
EBITDA*	(1,256)	2,535	–	1,279
Interest income	5	32	–	37
Depreciation	(80)	(1,772)	–	(1,852)
Amortisation	–	(18)	–	(18)
Operating (loss)/profit	(1,331)	777	–	(554)
Interest expense	(94)	(130)	–	(224)
(Loss)/profit before taxation	(1,425)	647	–	(778)
Income tax credit/(expense)	14	(580)	–	(566)
(Loss)/profit for the year	(1,411)	67	–	(1,344)
Assets/liabilities				
Segment assets	9,695	55,149	–	64,844
Segment liabilities	8,255	7,721	–	15,976
Other segment information				
Purchase of property, plant and equipment	46	1,836	–	1,882
Other non-cash items:				
Write-back in value of inventories	(233)	–	–	(233)
Write off of inventories	–	3	–	3
Amortisation of land use rights	–	18	–	18
Impairment of financial assets	69	154	–	223

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

30. Segment information (continued)

	Equipment and supplies $'000	Manu-facturing and support services $'000	Others $'000	Total $'000
2017				
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
Amortisation of land use rights	–	18	–	18
Impairment of financial assets	28	95	–	123

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

	Equipment and supplies $'000	Manu-facturing and support services $'000	Others $'000	Total $'000
1 January 2017				
Assets/liabilities				
Segment assets	12,104	66,066	–	78,170
Segment liabilities	10,508	16,708	–	27,216

30. 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	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Singapore	6,245	5,961	85	147
The People's Republic of China including Hong Kong	45,092	53,999	17,331	18,044
Others	3,450	3,119	359	445
	54,787	63,079	17,775	18,636

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 (2017: 2) amount to $27,751,000 (2017: $25,332,000), arising from sales by the manufacturing and support services segment.

31. Authorisation of financial statements

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 29 March 2019.

STATISTICS OF SHAREHOLDINGS

As at 15 March 2019

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	503	14.14	493,100	0.07
1,001 – 10,000	1,077	30.28	6,511,300	0.90
10,001 – 1,000,000	1,931	54.29	206,459,388	28.58
1,000,001 and above	46	1.29	508,931,212	70.45
Total	**3,557**	**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	61,014,100	8.45
3.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	34,765,900	4.81
4.	FUNG CHI WAI	32,700,000	4.53
5.	CITIBANK NOMINEES SINGAPORE PTE LTD	29,750,000	4.12
6.	DBS NOMINEES (PRIVATE) LIMITED	13,726,100	1.90
7.	RAFFLES NOMINEES (PTE.) LIMITED	12,918,600	1.79
8.	YEO SENG BUCK	12,000,000	1.66
9.	HUI MIN LINNA	8,380,000	1.16
10.	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,271,901	1.15
11.	OCBC SECURITIES PRIVATE LIMITED	6,344,011	0.88
12.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,224,700	0.86
13.	PHILLIP SECURITIES PTE LTD	5,064,100	0.70
14.	CHUA KENG YANG	5,004,500	0.69
15.	SIONG BENG SENG	4,200,000	0.58
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	2,786,100	0.39
19.	LIM KHENG JIN	2,610,500	0.36
20.	LIEW SEUK ENG	2,537,700	0.35
	TOTAL	**466,798,212**	**64.62**

STATISTICS OF SHAREHOLDINGS

As at 15 March 2019

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	61,127,300#	–	61,127,300	8.46

* In the name of nominees.

Including 113,200 shares bought on 12 March 2019 which has not been credited to the CDP securities account as at 15 March 2019.

PUBLIC SHAREHOLDINGS

Based on information available to the Company as at 15 March 2019, approximately 52.01% 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 327, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593, on Monday, 29 April 2019 at 2:30 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 2018 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr Fung Chi Wai as Director of the Company retiring pursuant to Rule 720(5) of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**").

   Mr Fung Chi Wai will, upon his re-election as Director of the Company, remain as the Managing Director and Chief Executive Officer of the Company and will be considered non-independent. Please refer to page 104 to page 108 of the annual report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of SGX-ST. **(Resolution 2)**

3. To re-elect Mr Teo Kiang Kok as Director of the Company retiring pursuant to Regulation 89 of the Constitution of the Company.

   Mr Teo Kiang Kok will, upon his re-election as Director of the Company, remain as an Independent Non-Executive Director, the Chairman of the Nominating Committee and the Remuneration Committee and a member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to page 104 to page 108 of the annual report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of SGX-ST. **(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 2018 (previous year: S$150,000).

   [See Explanatory Note (i)] **(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 SGX-ST, 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,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments 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 and Instruments to be issued other than on a pro rata basis to existing 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 SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under subparagraph (1) above, the total number of issued shares 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, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)] **(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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(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 AGM of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Attachment to the Notice of AGM to Shareholders dated 12 April 2019 ("**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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

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

By Order of the Board

Tan Kok Yong
Secretary
Singapore, 12 April 2019

Explanatory Notes:

(i) The Company is seeking approval from the shareholders to approve the payment of Directors' fees of S$150,000 to Non-Executive Directors in accordance with the Constitution of the Company as a special business.

(ii) The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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 existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares 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 the Instruments or 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.

(iii) The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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.

(iv) 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 AGM of the Company or the date by which the next AGM 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 2018 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 AGM 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 or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) 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 or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Fung Chi Wai and Mr Teo Kiang Kok are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 29 April 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	Mr Fung Chi Wai	**Mr Teo Kiang Kok**
Date of Appointment	10 August 2000	3 September 2002
Date of last re-appointment	Not applicable. In previous years, Mr Fung Chi Wai was not subject to retirement by rotation while he was holding office as Managing Director.	24 April 2017
Age	61	63
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered the recommendation of the Nominating Committee and has reviewed and considered the skill, experience, knowledge and suitability of Mr Fung Chi Wai for re-appointment as Director and Chief Executive Officer of the Company. The Board has concluded that Mr Fung possesses the skill, experience and knowledge to manage the Group effectively.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee and has reviewed and considered the skill, experience, contribution of guidance and time to the Board's deliberation, and suitability of Mr Teo Kiang Kok for re-appointment as non-Executive Director of the Company. The Board has concluded that Mr Teo possesses the skill, experience and knowledge to make constructive contributions to management discussions.
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for setting business directions, strategies and operational aspects of the Group's activities.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer	Independent Non-Executive Director Chairman of Nominating Committee Chairman of Remuneration Committee Member of Audit Committee
Professional Qualifications	Not applicable.	Bachelor of Laws (Honours) Barrister-at-Law (Lincoln's Inn) Advocate & Solicitor, Singapore

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Fung Chi Wai	**Mr Teo Kiang Kok**
Working experience and occupation(s) during the past 10 years	Has more than 30 years of experience in the printed circuit board business. Chief Executive Officer of Jadason Enterprises Ltd.	Has more than 30 years of experience in legal practice. Main areas of practice are corporate finance, international finance and securities. Partner of Shook Lin & Bok LLP from 1987 to 2011.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 32,700,000; See also pages 31 and 32.	No; See also pages 31 and 32.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships (for the last 5 years) Past Directorships Present	Nil Nil Nil	Senior Consultant, Shook Lin & Bok LLP Ocean Sky International Limited (Director) Hyflux Ltd (Director) IPC Corporation Ltd (Director) Memtech International Ltd (Director) Wilton Resources Corporation Limited (Director)
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr Fung Chi Wai	Mr Teo Kiang Kok
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

		Mr Fung Chi Wai	Mr Teo Kiang Kok
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Fung Chi Wai	Mr Teo Kiang Kok
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable.	Not applicable.

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 (collectively "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 (as may be applicable) 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 or failing him/her*, the Chairman of the Meeting, to attend and vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Room 327, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Monday, 29 April 2019 at 2:30 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 2018		
2	Re-election of Mr Fung Chi Wai as a Director		
3	Re-election of Mr Teo Kiang Kok as a Director		
4	Re-appointment of Ernst & Young LLP as Auditor		
5	Approval of Directors' fees amounting to S$150,000		
6	Authority to 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 ________________ 2019

Total Number of Ordinary Shares Held:

____
Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

**Delete where inapplicable*

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 Investors and SRS Investors (collectively "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 (as may be applicable) 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 12 April 2019.

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 48 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

No.3 Kaki Bukit Crescent #03-01

Singapore 416237

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