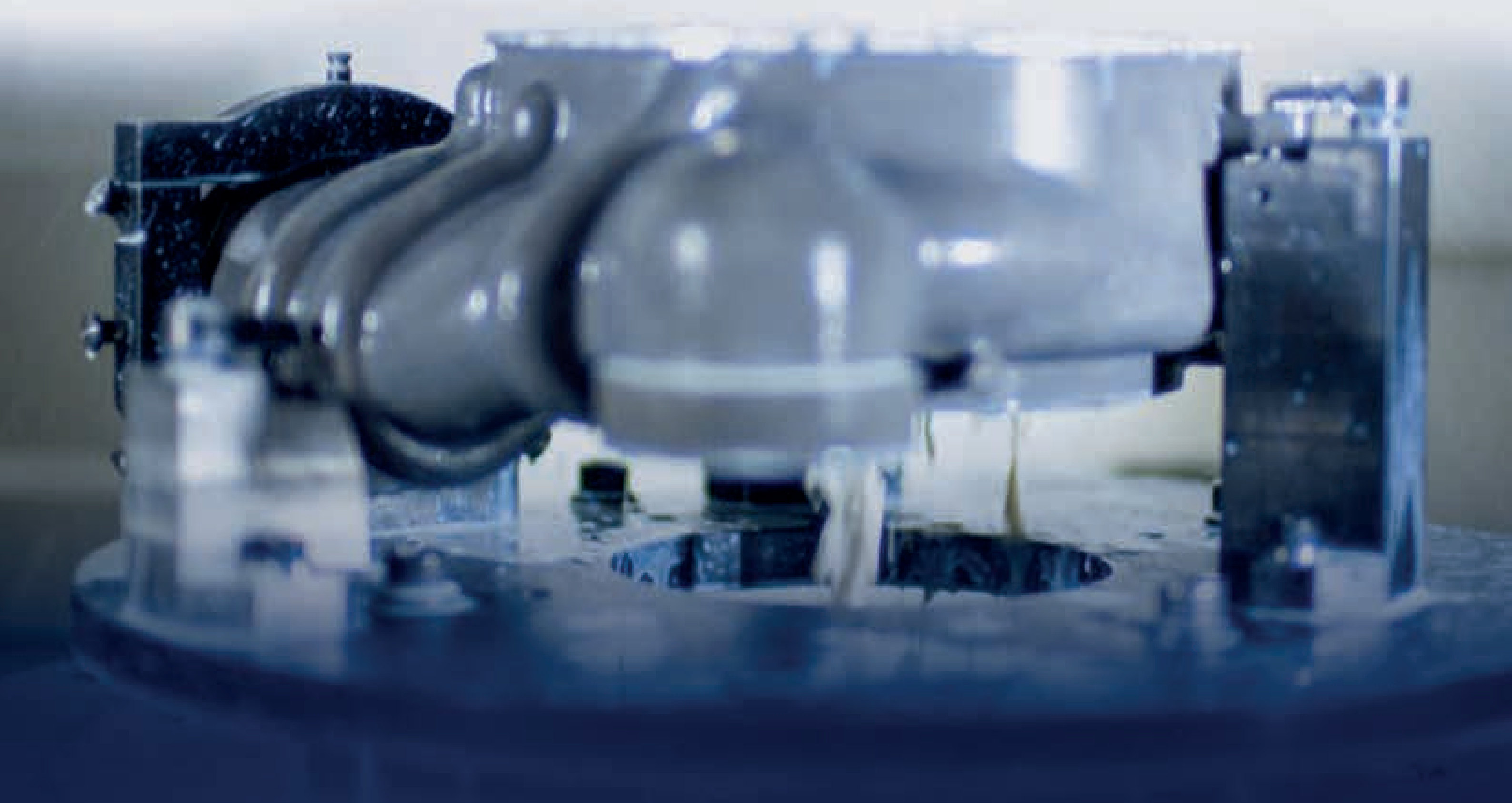
JEP Holdings Limited

REACHING OUT
TO NEW POTENTIAL

ANNUAL REPORT 2017



JEP HOLDINGS LTD

Corporate Profile

JEP Holdings Ltd. is a leading solution provider of precision machining and engineering services, with a primary focus on the aerospace industry. With over 30 years of operating history, we have built up a strong value chain to provide seamless manufacturing solutions to our clients. All of our operations are supported by an experienced and passionate workforce, strong networks of established customers and suppliers, and stringent quality systems.

The Group's main operating subsidiary, JEP Precision Engineering Pte Ltd ("JEPS"), was acquired by the Group in 2007. Accredited with AS9100, OSHAS, and NADCAP, JEPS has built a track record as a reliable sub-contractor for aerospace components since beginning operations in 1990, and is now part of the global supply chain for the world's leading aircraft manufacturers.

The Group is headquartered in Singapore, and operates out of four facilities equipped with state of the art machinery for manufacturing and the provision of secondary processes related to engineering services. The Group also owns a large format precision engineering company, Dolphin Engineering Pte Ltd, and a trading business, JEP Industrades Pte Ltd, which markets cutting tools used in manufacturing activities for various industries such as aerospace, mould and die, and oil and gas.

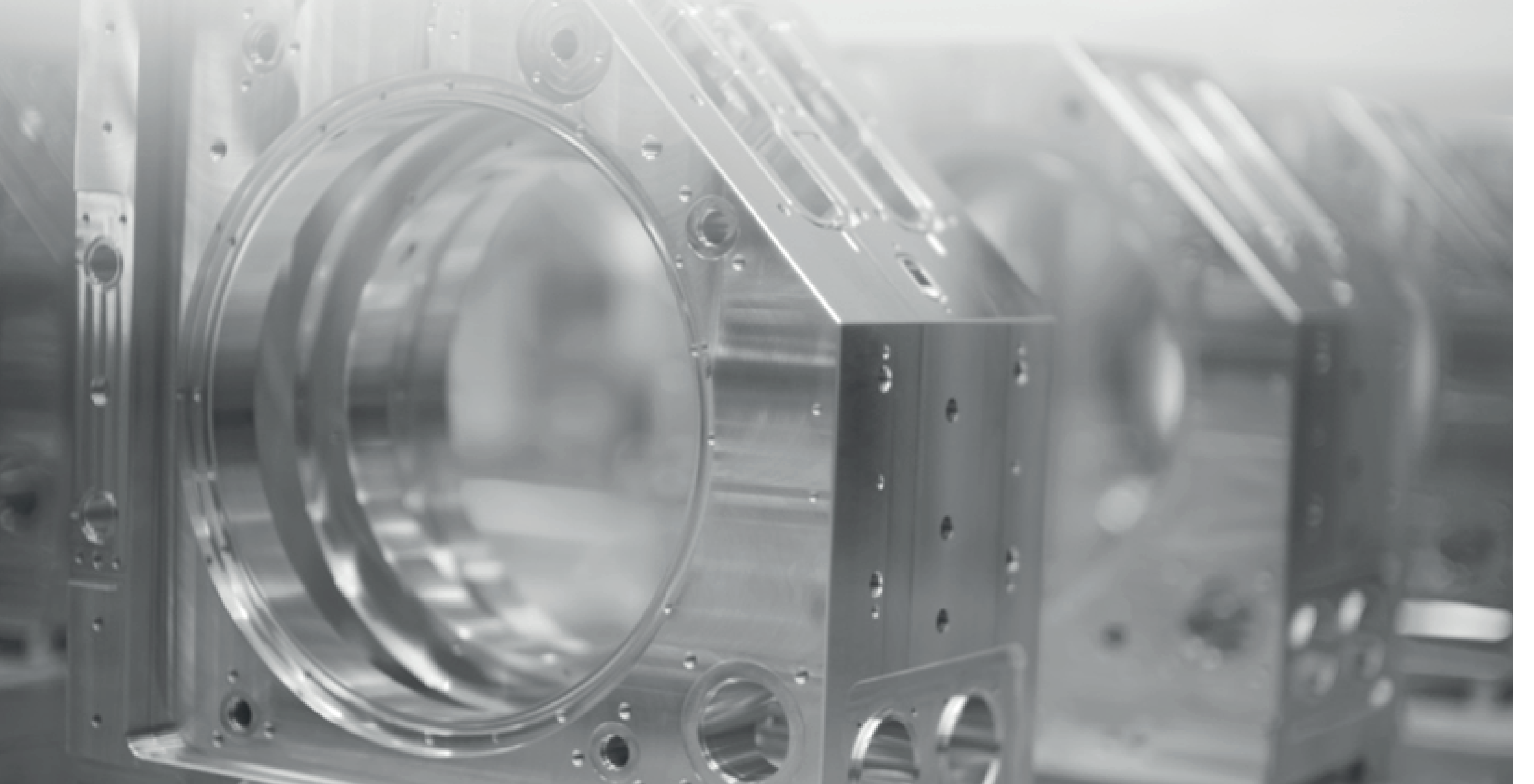
The Group has been listed on SGX Catalist since 2004, when it was known as Alantac Technology Ltd., and changed its name in May 2010.

Vision

To be a leader in seamless manufacturing solution and be an integrated part of our customers' success.

Mission

To be the foremost strategic partner to our customers who demand the highest standards in terms of efficiency and effectiveness.



Outlook

Aerospace will continue being the main growth driver for the Group, fuelled by the growth of passenger carriers particularly in Asia and the Middle East. We are aiming to expand our product offering to existing customers, for the supply of different models of engine casings and a wider variety of landing gear components. While the oil & gas segment is not likely to make a significant recovery in foreseeable future, we are seeing order levels that are slightly better than expectations.

Mr. Luong Andy
Executive Chairman
JEP Holdings Ltd

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor (whose effective date of appointment is 13 April 2009) has not independently verified the contents of this Annual Report.

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

The detail of the contact person for the Sponsor is Mr. Ng Joo Khin.
Telephone number: 6389 3000 Email: jookhin.ng@morganlewis.com

Chairman's Statement

Dear Shareholders,

JEP has over 30 years of operating history, with a strong value chain to provide seamless manufacturing solutions. Over the years, we have become established within the precision manufacturing industry and have evolved into a leading supplier that provides complete turnkey services for aerospace, oil and gas, electronics and machine tooling industries.

We focused on the business where we lead while investing in new capability to capture future growth. The challenge for any company is to invest in the future while delivering results. Moving into Seletar Aerospace Park (SAP) in 2017, is a major milestone which allows us to build upon our capabilities.

The new robotics and automation technologies are being developed and implemented in 2017 to monitor and collect data to improve operations and provide support for customers. The company is moving towards a SMART factory concept, adopting automation to stay competitive in today's challenging environment.

Group performance

In 2017, we made progress on our goals, hitting S$86.1 million sales, up 19.7%, and delivered S$0.8 million net profit to the shareholders of the Company. Our cash flow from operating activities turnaround from negative in 2016 to a positive of S$5.6 million in 2017.

Taking into consideration the capital expenditure for our new facilities, our balance sheet is still relatively healthy, with working capital of S$9.6 million as at 31 December 2017 (31 Dec 2016: S$7.0 million) and cash and cash equivalents stood at S$6.2 million (31 Dec 2016: S$8.0 million).

Market challenge

Singapore is becoming a challenging market to operate in given the rising cost of living and salaries. Asia-Pacific countries with lower operating costs are able to offer much more competitive pricing. To overcome this, we are continuously looking at ways for improvement and to increase productivity, keeping our costs competitive.

In January 2018 SGX Mainboard-listed UMS Holdings Limited ("UMS") has acquired 29.5% of the Company's shares ("Acquisition"). UMS is a one-stop strategic integration partner providing equipment manufacturing and engineering services to Original Equipment manufacturers of semiconductors and related products. UMS has production facilities in Singapore, Malaysia as well as California and Texas, USA. The synergistic effect allows the Company to strip out overlapping costs to achieve greater growth.

Outlook

Aerospace will continue being the main growth driver for the Group, fuelled by the growth of passenger carriers particularly in Asia and the Middle East. We are aiming to expand our product offering to existing customers, for the supply of different models of engine casings and a wider variety of landing gear components. While the oil & gas segment is not likely to make a significant recovery in foreseeable future, we are seeing order levels that are slightly better than expectations.

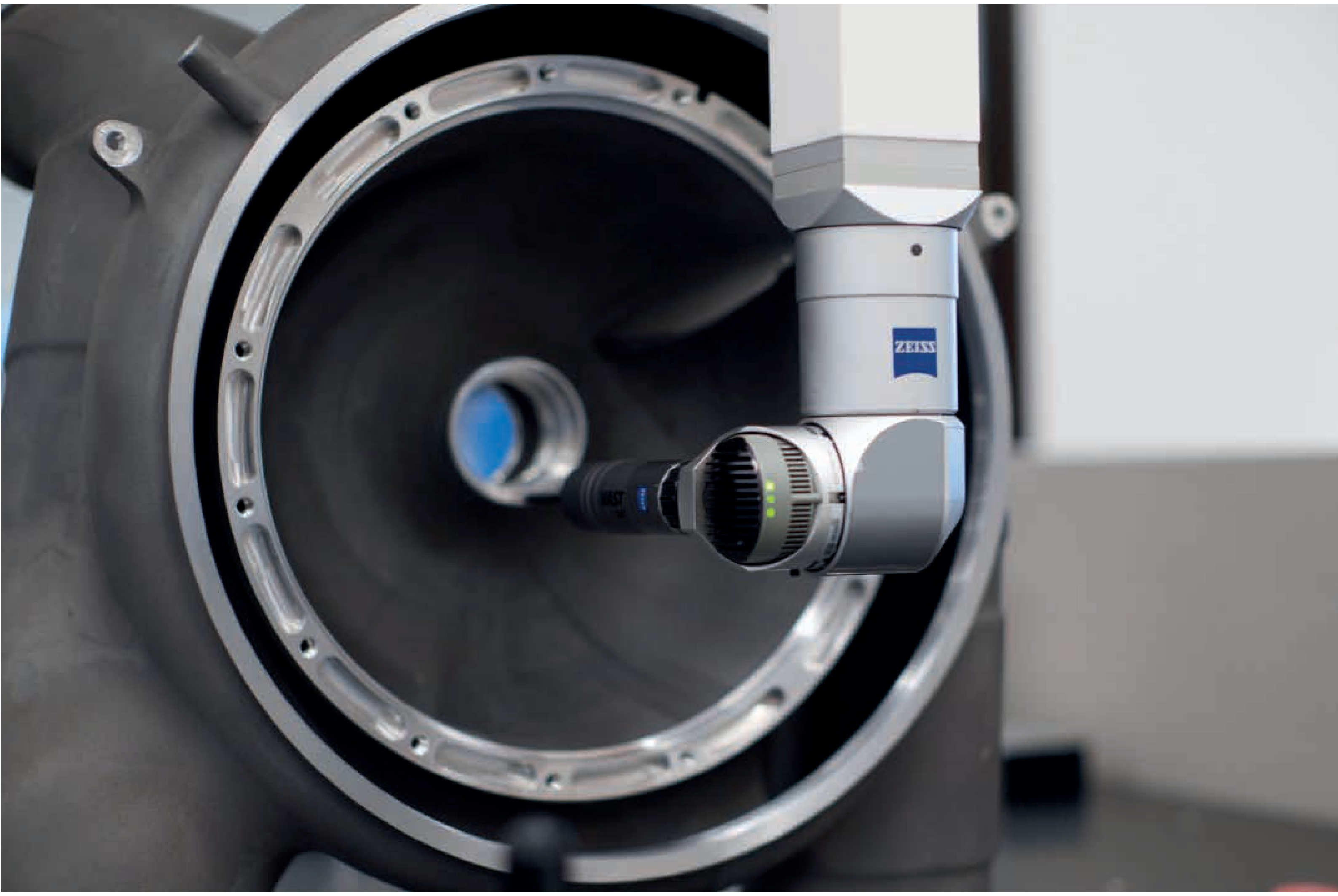
Acknowledgements

On behalf of the Board of Directors, I would like to express my appreciation to our stakeholders, including our shareholders, customers and business associates and partners, for their continued support of the Group.

I would like to thank my fellow Directors for their invaluable advice and guidance and Management and staff for their dedication and commitment in the past year.

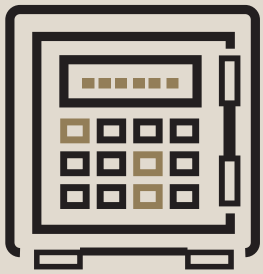
> *"In 2017, we made progress on our goals, hitting S$86.1 million sales, up 19.7%, and delivered S$0.8 million net profit to the shareholders of the Company."*

Mr. Luong Andy
Executive Chairman
JEP Holdings Ltd



2017 Business Highlights

$86.09 million
Revenue



$6.95 million
EBTIDA

0.057 cents
Earnings
Per Share

$117.2 million
Group Total
Asset Value

3.2 cents
Net Asset Value
per Share

$0.8 million
Profit to Equity
Owner

Operational Review

Operational Review

The aerospace industry remains to be the main contributor of the Group's revenue, generating S$42.2 million in FY2017 compared to $37.6 million in FY2016. This revenue stream continues to look positive and is expected to grow.

The condition in the oil & gas industry was challenging, resulting in a sharp drop in revenue from S$3.4 million in FY2016 to S$0.6 million in FY2017. Revenue from oil and gas remains challenging but we have started to receive more small orders towards the end of the 2017. Hopefully, this sector will pick up steam by the end of this year.

Through the Group's continuous improvement efforts, we were able to achieve additional reductions in coolant usage and disposal, utilities and consumables for the second year running.

Seletar Aerospace Park

The Group received Temporary Occupation Permit (TOP) in November 2016 for this facility. We began transitioning the operations from Changi South to this new facility in January 2017. We completed moving all the 100 plus equipment in September 2017 and more importantly, maintaining our above 96% On-Time-Delivery to our customers during the same period. JEP Precision Engineering, a subsidiary of the Group also embarked on several Digital Manufacturing initiatives in the new facility, to name a few, Overall Equipment Effectiveness (OEE), Flexible Manufacturing System (FMS) and Robotics. Through these initiatives, we will gradually transition into a data driven organization, improving the utilization and efficiency of our machineries and labour resources.

Surface Engineering Hub (Tanjong Kling)

At the Surface Engineering Hub in Tanjong Kling, the Group saw an increase in operational revenue in FY2017, the biggest growth came from the additional Shot Peen machine we installed in late 2016. Besides the Titanium Etch and Shot Peening process which commenced in January 2016, NADCAP certifications for other processes namely Sulfuric Anodise, Chemical Film and Passivation are now fully operational. This allowed us to become more cost efficient which then translates into savings to our customers; shorten manufacturing lead time and consistent quality control.

Dolphin Engineering Pte Ltd (Loyang)

Our subsidiary, Dolphin Engineering Pte Ltd saw a strong growth in revenue mainly contributed by semi-conductors, more than double compared to previous year and a 24% growth on contract manufacturing. The Group is positive on the prospects for these two revenue stream and expects continued growth in these revenue stream.

JEP Industrades

JEP Industrades, the Group's subsidiary, increased marketing efforts as well as embarked on building their own brand of cutting tools which saw them exceed their forecasted revenue by almost 14%. The Group will continue to improve the synergy among all subsidiaries.

Financial Review

Financial Performance

For the full year ended 31 December 2017, total revenue increased by 19.7% to S$86.1 million (2016: S$71.9 million). The increase was mainly contributed by an increase in revenue from Equipment Manufacturing of S$8.0 million, Aerospace of S$4.6 million, and Electronics and Trading & Others of S$4.2million collectively. This was partially offset by a decrease in revenue from Oil & Gas of S$2.8 million, from S$3.4 million in FY2016 dropped to S$0.6 million in FY2017.

Cost of sales increased by 18.6% or S$12.0 million, from S$64.2 million in FY2016 to S$76.2 million in FY2017. The increase in cost of sales is in line with the increase in revenue from Aerospace, Electronics, and Equipment Manufacturing.

Gross profit increased by 28.4%, or S$2.2 million, from S$7.7 million in FY2016 to S$9.9 million in FY2017. This was primarily due to higher gross profit generated from the Equipment Manufacturing segment of S$4.7 million (2016: S$1.6 million), which were partially offset by additional depreciation of S$1.0 million incurred on the new factory in Seletar Aerospace Park in FY2017 (2016: Nil).

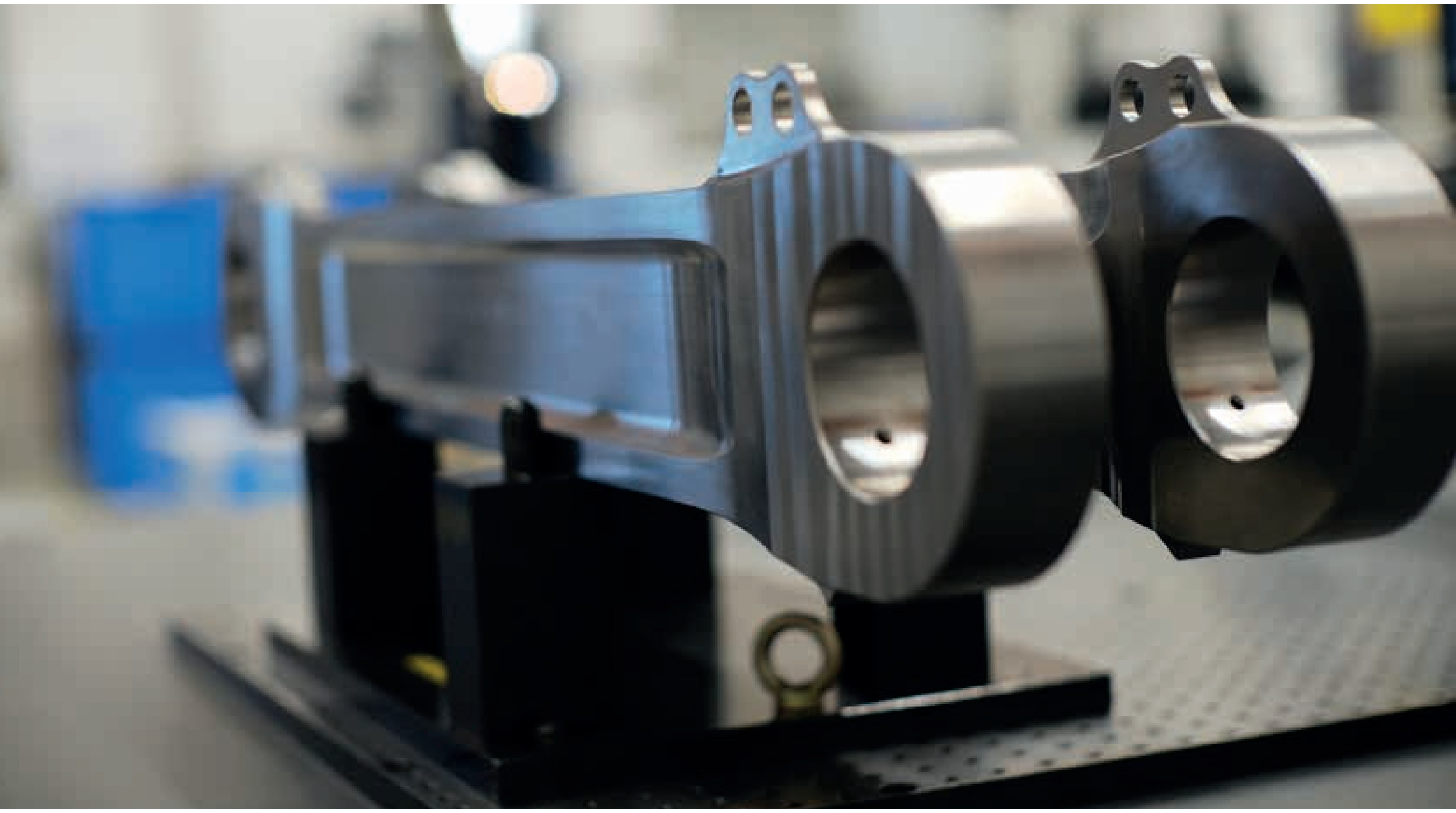
Other operating income for FY2017 increased by S$0.3 million from S$1.8 million in FY2016 to S$2.1 million in FY2017. This was primarily due to favourable foreign exchange movements of S$0.1 million, government grants obtained on OEE project of S$0.1 million and higher disposal gain on machinery of S$0.1 million in FY2017.

Selling and distribution expenses mainly comprise staff costs of our sales and marketing staff, traveling and marketing expenses and other related expenses. Compared with FY2016, selling and distribution expenses for FY2017 remained relatively constant at S$2.2 million.

Administrative expenses increased by S$1.3 million, from S$7.4 million in FY2016 to S$8.7 million in FY2017. The increase was mainly due to S$ 0.8 million relocation costs incurred and S$0.7 million was in relation to the rental expenses paid for the old factory premises for the remaining periods of lease.

Finance costs increased by S$0.4 million from S$1.0 million in FY2016 to S$1.4 million in FY2017, mainly due to an increase in loan borrowings and the corresponding increase in the cost of finance.

The Group recorded total income tax credit of S$0.4 million in FY2017 mainly due to the reduction of deferred tax liabilities arising from the excess of net book value over tax written down value of property plant and equipment.



Financial Review (cont'd)

Balance Sheet

Property, plant and equipment increased by S$3.2 million, from S$50.9 million as at 31 December 2016 to S$54.1 million as at 31 December 2017. This increase was mainly due to procurement of machines during the year.

Intangible assets decreased by S$0.7 million from S$1.2 million as at 31 December 2016 to S$0.5 million as at 31 December 2017. The decrease was due mainly to amortisation costs incurred during the year.

Non-current other receivables comprise government grants to be received in relation to Productivity and Value Enhancement Scheme (PAVES) and Technology Innovation under Capability Development Grant (CDG).

Trade and other receivables increased by S$3.7 million, from S$21.2 million as at 31 December 2016 to S$24.9 million as at 31 December 2017. This increase was in line with the increase in revenue in FY2017.

Trade and other payables decreased by S$4.6 million, from S$21.1 million as at 31 December 2016 to S$16.5 million as at 31 December 2017. The reduction was mainly due to fluctuations arising from timing of payments made to creditors.

The Group's total obligation under finance lease increased by S$5.6 million, from S$2.0 million as at 31 December 2016 to S$7.6 million as at 31 December 2017. This was due to procurement of machines under finance lease during the year of S$7.1 million, and partially offset by the repayment of lease obligations of S$1.3 million.

The Group's total loans and borrowings had increased by S$6.0 million, from S$35.8 million as at 31 December 2016 to S$41.8 million as at 31 December 2017. This was largely due to increase in revolving credit facilities of S$8.5 million and 10-year term loan of S$6.4 million. This 10-year term loan was obtained to finance 80% of the construction cost of S$25 million for the factory building at Seletar Aerospace Park, with a balance of S$19.5 million as at 31 December 2017 and S$13.1 million as at 31 December 2016. This was partially offset by the repayment of S$8.9 million for term loans and revolving credit facilities collectively during the year.

Contingent consideration and provision decreased by S$2.1 million, from S$4.1 million to S$2.0 million, as the result of the repayment of S$2.0 million cash consideration made during the year.

Deferred tax liabilities decreased by S$0.6 million, from S$1.1 million as at 31 December 2016 to S$0.5 million as at 31 December 2017. This was mainly due to tax credit arising from the excess of net book value over tax written down value of property plant and equipment.

Cash Flows

Net cash generated from operating activities of S$5.6 million in FY2017 was mainly due to the improvement in cash generated from working capital of S$3.8 million and improvement in net income.

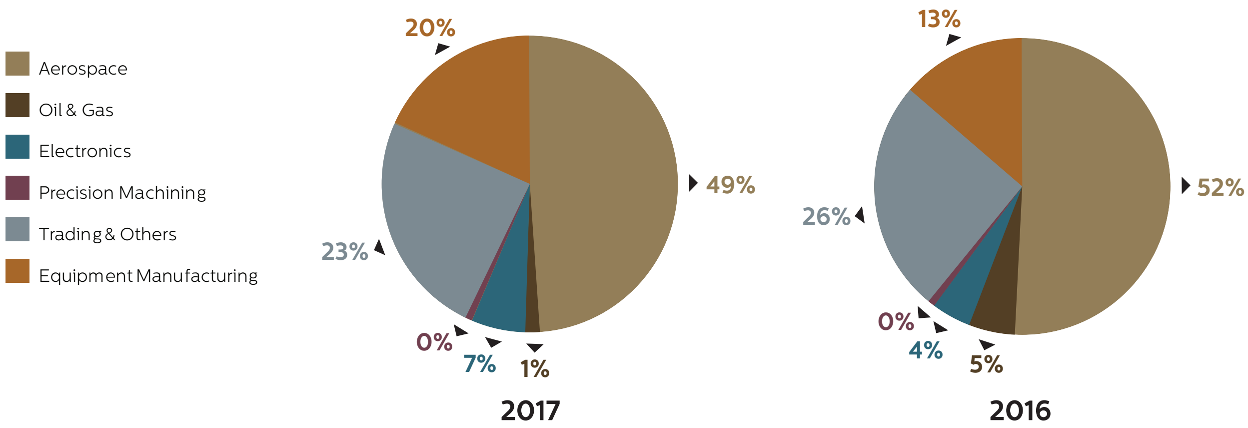
Net cash used in investing activities amounted to S$11.6 million in FY2017 and comprised mainly of payment of contingent consideration of S$2.0 million in respect of the acquisition of JEP Industrades Pte Ltd in end August 2015, and payments for the additions of property, plant and equipment of S$9.9 million, which was offset by proceeds received from disposal of machinery of S$0.4 million in FY2017.

Net cash generated from financing activities amounted to S$4.2 million. This was mainly due to net bank borrowings obtained S$6.0 million and offset by repayment finance lease of S$1.3 million, and payment of dividends of S$0.4 million and share issuance expenses of S$0.1 million in respect of the financial year ended 31 December 2016.

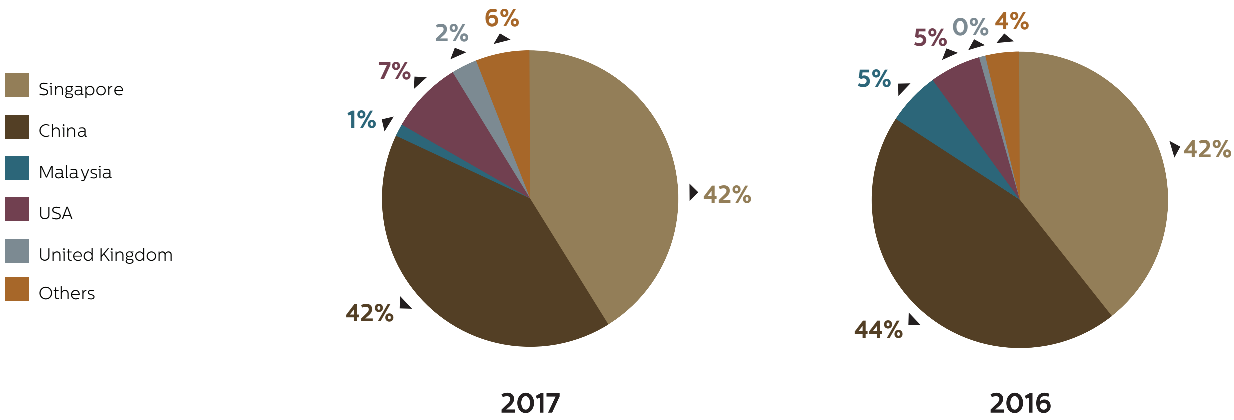
The utilisation of the net proceeds from the Rights cum Warrants Issue amounted to S$4.8 million for the SAP factory building as at 31 December 2017, which is in accordance with the stated uses and the percentages allocated in the Offer Information Statement dated 29 November 2016.

Financial Highlights

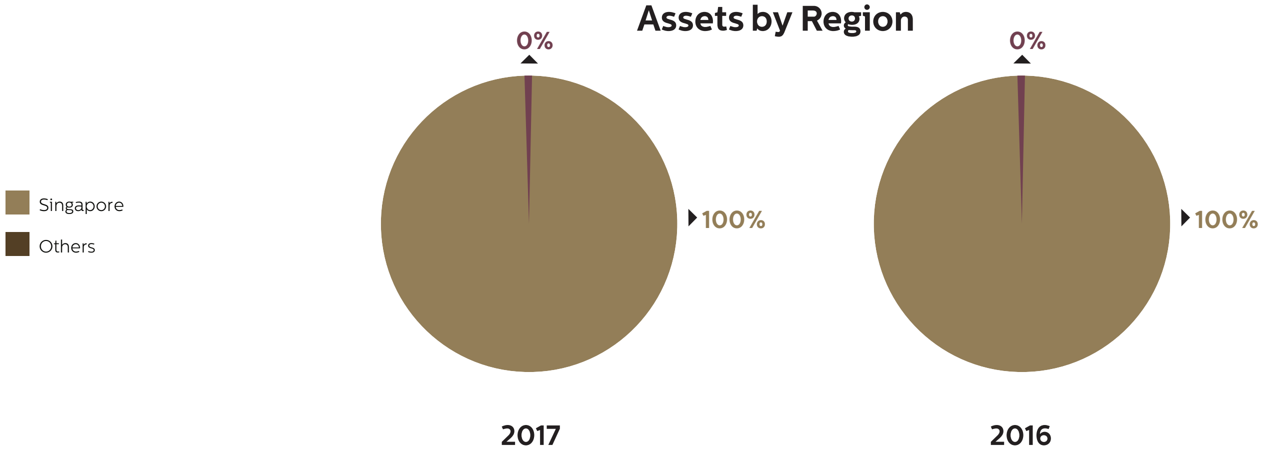
Revenue by Industry



Revenue by Region



Assets by Region



Board of **Directors**

Mr . Luong Andy
Executive Chairman

Mr. Joe Lau
Executive Director and Chief Executive Officer

Date of first appointment as a Director: 22 February 2018

Mr. Luong Andy was appointed as Executive Chairman of the Company in Feb 2018.

As Chairman of the Group, he has more than 20 years of experience in manufacturing front-end semicon components. He acquired his maching skills through his experience in working in his family machining business in Vietnam. He emigrated to the USA from Vietnam in 1979 and shortly after college, started a precision machining business called Long's Manufacturing, Inc.

Mr. Luong Andy currently is also the Executive Chairman and Chief Executive Officer of UMS Holdings Limited, a SGX Mainboard-listed company.

Member of Nominating Committee

Date of first appointment as a Director : 1 October 2007
Date of last re-election as a Director : 26 April 2016

Mr. Joe Lau was appointed to the Board on 1 October 2007 and appointed as the Chief Executive Officer of the Company on 17 August 2009. Currently he is also the Executive Director of JEP Precision Engineering Pte. Ltd, Singapore, JEP Precision Engineering Co., Ltd, Thailand (in liquidation), JEP Industrades Pte Ltd and Dolphin Engineering Pte Ltd.

With more than 20 years of experience in the precision engineering industry, he drives all operational matters of the Group. Mr. Lau was the recipient of the 2005 Entrepreneur Award and the EYA Innovation Award 2006. He successfully built JEP Precision Engineering Pte Ltd to become an Enterprise 50 award winner in 2007. These awards clearly demonstrate his capability in building a successful business

Board of **Directors**

Mr. Zee Hoong Huay
Executive Director

Date of first appointment as a Director : 27 August 2015
Date of last re-election as a Director : 26 April 2016

Mr Zee Hoong Huay, the co-founder and Managing Director of JEP Industrades Pte Ltd ("JEPI") joined us as Executive Director on 27 August 2015.

Mr Zee is a veteran and proven personnel in the metal tooling and precision engineering industries with over 30 years of industrial experience and capabilities. He co-founded JEPI in 1986 as a trading company that markets cutting tools and spearheads its overall direction, sales and marketing strategies. JEPI is now a leading distributor for cutting tool solutions and distributes its manufactured products to the aerospace, mould & die, and oil and gas segments across the Southeast Asia Pacific regions.

Mr Zee holds a Diploma in Industrial Management, Manufacturing Engineering.

Mr. Zee was appointed to the Board on 27 August 2015. He is also the Executive Director of JEP Industrades Pte. Ltd., Singapore.

Mr. Wong Gang
Lead Independent Director

Chairman of Remuneration Committee
Chairman of Nominating Committee
Member of Audit Committee
Date of first appointment as a Director : 1 November 2006
Date of last re-election as a Director : 26 April 2016

Graduated from the National University of Singapore in 1995 with Bachelor of Law (Hons) and was admitted as advocate and solicitor to the Supreme Court of Singapore in 1996. Mr. Wong Gang joined us as an Independent Director on 1 November 2006.

A partner since 2002 at Shook Lin & Bok LLP, a law firm in Singapore, with more than 20 years' experience advising on a wide range of corporate finance and securities transactions, stock market flotations, securities regulation, corporate governance and compliance for public listed companies, mergers and acquisitions, as well as general corporate legal advisory work.

Head of Shook Lin & Bok LLP's China practice group and has advised multinational corporations and Singapore companies on cross border transactions in China, as well as on public offerings of securities in Singapore by companies from China, Hong Kong and South-East Asia.

He is currently also an Independent Director of Bowsprit Capital Corporation Limited (Manager of First REIT, listed on SGX Mainboard) and Renewable Energy Asia Group Limited (listed on SGX Catalist).

Mr. Quek Hiong How
Independent Director

Chairman of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee
Date of first appointment as a Director : 3 August 2009
Date of last re-election as a Director : 22 April 2015

Mr Quek has held several senior positions and directorships in finance and accounting over the past 30 years. Among the senior positions he has held, Mr Quek was the Finance Director for 2 subsidiaries of Boustead Singapore Limited (a company listed on the mainboard of the SGX-ST) as well as the Chief Financial Officer for Keppel Telecommunications and Transportation Ltd. Mr Quek was also the Vice President (Finance and Administration) for the then- Television Corporation of Singapore Pte Ltd.

Mr Quek has extensive experience in the areas of project feasibility studies, setting up of joint ventures, mergers and acquisitions and corporate governance and finance.

Mr Quek Hiong How, Raymond, was appointed an Independent Director of the Company on 3 August 2009. He also holds directorship in Mychinachannel Pte. Ltd., Singapore

Board of **Directors**

Mr. Chan Wai Leong
Non-Executive Director &
Non-Independent Director

Member of Audit Committee
Member of Remuneration Committee
Date of first appointment as a Director : 4 June 2010
Date of last re-election as a Director : 22 April 2015

Mr. Chan has more than 25 years of operational and business experience in the semiconductor and electronics manufacturing industries, as well as working experience in the Asia Pacific region, Australia, New Zealand, China and India. Mr. Chan is currently the Managing Director of Synersys Capital. Prior to that, Mr. Chan was the Director and Chief Executive Officer of Ellipsiz Ltd, a SGX Mainboard-listed company. He started his career as an engineer at Hewlett Packard and moved on to hold senior management positions at Electronic Resources Limited (ERL), Ingram Micro and iNETest resources and Ellipsiz.

Mr. Chan holds a Bachelor's degree in Electrical Engineering and a Master of Business Administration degree from the National University of Singapore.

Mr Chan Wai Leong was appointed as Non- Executive Director of the Company on 4 June 2010. He also holds directorship in Frencken Group Limited, a SGX Mainboard-listed company.

Mr. Leow Kim Keat
Independent Director

Member of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee
Date of first appointment as a Director : 15 January 2018
Date of last re-election as a Director : 25 April 2018

Mr. Leow has more than 30 years professional experience in the semiconductor wafer fabrication, assembly and test operations. He held numerous senior positions in Globalfoundries Singapore Pte. Ltd. (formerly known as Charted Semiconductor Manufacturing Pte. Ltd.) and Heptagon Micro Optics Pte. Ltd. such as the Head of Singapore Procurement and VP of Operations & Supply Chain.

Mr. Leow was appointed as an Independent Director of the Company on 15 January 2018.

Key **Executives**

Soh Chee Siong
President, *JEP Precision Engineering Pte Ltd*

Mr Soh joined JEP Holdings Ltd in October 2011, and currently also holds directorship in JEP Precision Engineering Pte Ltd and Dolphin Engineering Pte Ltd.

He started his career with Hamilton Sundstrand Pacific Aerospace Pte Ltd, a fully owned subsidiary of United Technologies Corporation in 1975. He has more than 30 years of aerospace component manufacturing experience. Over the years, he rose through the ranks and his last held position was as the Plant Manager of Hamilton Sundstrand's Changi Plant. During his tenure in Hamilton Sundstrand, he was instrumental in setting up Plant 3 in Bedok and Changi Plant in 2000 & 2005 respectively, in support of their expansion plan.

He joined Rolls-Royce Singapore Pte Ltd as the Operations Director in April 2010. He led a new team and was responsible for setting up the new facility in Seletar Aerospace Park, which focuses on the manufacturing of the wide chord fan blade for Rolls-Royce Trent engines.

He holds a Bachelor of Science (Hons) in Business & Management Studies from University of Bradford. He also holds the Certified Diploma in Accounting & Finance (ACCA), Specialist Diploma in Supply Chain Management (NYP), and a Certified Quality Manager (SQI).

Christine Zhang
Group Financial Controller *(appointed on 1 March 2017)*

Ms Zhang joined JEP Holdings Ltd in September 2016. She is the Company's Group Financial Controller overseeing Finance and Corporate affairs of the Group.

Her previous experience in Philips Semiconductors China, KPMG Singapore and Mapletree Investments Pte Ltd involved in treasury, audits, managing accounts and finances.

She holds a Masters in Banking & Finance and a Masters in Professional Accounting. She is a member of Institute of Singapore Chartered Accountants (CA Singapore) and a fellow of the Association of Chartered Certified Accountants (ACCA).

Adelene Lau
Vice President, *JEP Precision Engineering Pte Ltd (appointed on 1 March 2017)*

Ms Adelene started in the marketing and advertising industry in Sydney, Australia managing accounts for established international brands. After two years, she joined JEP Precision Engineering Pte Ltd, subsidiary of the Group, in July 2012 as a Management Trainee. As part of her progression training, she was on rotation basis with the Production, Engineering and QA department for the first 8 months, after which, she was part of the Business Development team working with international aerospace and oil and gas customers for 2 years.

Ms Adelene moved on to the Finance department in March 2016 and is now the Vice President of JEP Precision Engineering Pte Ltd, she will be assisting Mr Soh Chee Siong in overseeing operations and developing new businesses.

She holds a Masters in Communication from Royal Melbourne Institute of Technology (RMIT).

Alan Tan Shee Tong
General Manager, *Production JEP Precision Engineering Pte Ltd*

Mr Alan Tan joined JEP Precision Engineering Pte Ltd, subsidiary of the Group in October 1987 as an engineering apprentice and currently holds the position of General Manager, Production.

Over the past 26 years of service, Mr Alan Tan has grown with the Company and has moved from engineering to a senior managerial position. He was seconded to Dolphin Engineering Pte Ltd in July 2013 for two years and has made much improvement in the area of 5S and implemented key performance indicators after the Group acquired Dolphin Engineering Pte Ltd. With his wealth of experience, he has contributed significantly to the company. He is also the certified Internal Auditor for AS9100:2009.

Eddie Goh Kuan Teck
General Manager, *Manufacturing and Quality Engineering JEP Precision Engineering Pte Ltd*

Mr Eddie Goh joined JEP Precision Engineering Pte Ltd, subsidiary of the Group in May 2013 as General Manager.

Mr Eddie Goh's background is in precision machining, where he has more than 20 years' extensive experience, progressing from a craftsman to various managerial positions during his service in Singapore Aerospace Manufacturing Pte Ltd, a fully-owned subsidiary of Singapore Technology. His operational experience includes holding key roles in the shipping and logistics, supply chain management, production and engineering department within the organization. He led a project to redefine and implement the manufacturing processes of the aero-engine compressor vane and transferring the manufacturing technology to Suzhou in the late nineties as part of the group's expansion plan.

He holds a Bachelor of Science (Hons) in Business from University of London and a Diploma in Mechanical Engineering.

Zee Yu Liang Darren
Deputy Managing Director, *Dolphin Engineering Pte Ltd (appointed on 1 March 2017)*

Mr Zee joined JEP Industrades Pte Ltd, subsidiary of the Group in June 2011 as a Sales Engineer.

Mr Zee background is in the cutting tools industry selling tools to the manufacturing industry with 6 years' experience. His operational experience includes holding key roles in the sales and operational department in the company. He has worked in Japan with Mitsubishi Materials and visited various Japanese manufacturing companies and understands how manufacturing is done in Japan.

He holds a Bachelor of Business Studies (Hons) in Business from University College Dublin and a Diploma in Mechatronics.

Edmund Low Koon Poo
General Manager, *Dolphin Engineering Pte Ltd*

Mr Edmund Low joined JEP Precision Engineering Pte Ltd in May 2015 as Project Manager, and was seconded to Dolphin Engineering Pte Ltd, subsidiary of the Group as Acting General Manager.

Mr Edmund Low's background is in supply chain management, with more than 30 years' experience in logistics operations and management, order fulfilling, freight management, import and export control and trade compliance. Prior to joining the company, he was with Motorola Mobility Singapore Pte Ltd in a senior managerial position handling logistics operations and original design manufacturer operations. He is the Motorola Singapore representative in import and export control and trade compliance, and responsible for international shipping and freight management. He managed all the outsource vendor order processing and shipping operations.

He holds a Master in Business Administration from University of South Australia and a Bachelor of Business in Transport and Logistics Management from Royal Melbourne Institute of Technology, Australia.

Corporate **Information**

Company Registration No. 199401749E

Board of Directors

Executive:

Luong Andy
(Executive Chairman)

Joe Lau
(Executive Director and Chief Executive Officer)

Zee Hoong Huay
(Executive Director)

Non-Executive:

Wong Gang
(Lead Independent Director)

Raymond Quek Hiong How
(Independent Director)

Chan Wai Leong
(Non-Executive and Non-Independent Director)

Leow Kim Keat
(Independent Director)

Audit Committee

Raymond Quek Hiong How (Chairman)
Wong Gang
Chan Wai Leong
Leow Kim Keat

Nominating Committee

Wong Gang *(Chairman)*
Raymond Quek Hiong How
Joe Lau
Leow Kim Keat

Remuneration Committee

Wong Gang *(Chairman)*
Raymond Quek Hiong How
Chan Wai Leong
Leow Kim Keat

Company Secretary

Cho Form Po

Registered Office

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Singapore 797567
Tel : +65 6545 4222
Fax : +65 6545 2823
Website: www.jep-holdings.com

Bankers

United Overseas Bank
Maybank
DBS Bank

Share Registrar

Boardroom Corporate &
Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditor

Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2, #33-00
Singapore 068809

Partner-in-charge

Yang Chi-Chih
(Date of appointment: 27 April 2017)

Financial **Contents**

JEP Holdings Ltd

Corporate **Governance**

The Board of Directors of JEP Holdings Ltd (the "**Board**") is committed in upholding high standards of corporate governance and practices throughout JEP Holdings Ltd. (the "**Company**") and its subsidiaries (the "**Group**"), as a fundamental part of its responsibilities to protect shareholders' interest, enhance shareholders' value and the financial performance of the Group.

This report describes the Group's corporate governance practices and structures with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**").

The Board confirms the Company has adhered to all principles and guidelines set out in the Code as set out in this report. Where there are deviations from the Code, appropriate explanations will be provided.

(A) BOARD MATTERS

The Board as at the date of this annual report comprises:

Luong Andy	(Executive Chairman)
Joe Lau	(Executive Director and Chief Executive Officer)
Zee Hoong Huay	(Executive Director)
Wong Gang	(Lead Independent Non-Executive Director)
Raymond Quek Hiong How	(Independent Non-Executive Director)
Chan Wai Leong	(Non-Independent and Non-Executive Director)
Leow Kim Keat	(Independent Non-Executive Director)

The profiles of Directors, including the date of last re-election of each Director are set out under the "Board of Directors" section of this annual report.

Principle 1 – The Board's Conduct of its Affairs

The Board oversees the Company's business and its performance and is collectively responsible for the long-term success of the Company.

The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management system and internal control to safeguard shareholders' interests and the Group's assets and to take into account the interest of key stakeholder groups in its decision making.

All Board members bring their independent judgement, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct and ethics. The Board regularly reviews the Group's strategic business plans, the assessment of key risks by Management and the operational and financial performance of the Group to enable the Group to meet its objectives.

The Board objectively discharge their duties and responsibilities at all times and makes decision in the interests of the Group. The Board has delegated specific responsibilities to three sub-committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively known as the "**Board Committees**") and the Board Committees will in turn be monitored by the Board. Specific written terms of reference for the Board Committees set out the authority and duties of the Board Committees, which are reviewed on a regular basis.

The Board of Directors is responsible for shaping the Company's strategic direction and has decided to integrate sustainability components into all of the Company's business and operations. This integration involves the consideration of Environmental, Social and Governance (ESG) factors in the Company's business and operations. The Board will work alongside the management to advance sustainability efforts within the Company as such.

In this regard, the Company has decided to embark on the development of its first sustainability report. The Sustainability Steering Team was established within the Company with members from senior management across all business units. The Company later conducted a materiality assessment to identify ESG factors that are material and have significant impact on the Company's performance, business activities and stakeholders. With the identification of these material factors, the Company has progressively set up performance indicators and monitoring processes to track and address the material factors identified.

The sustainability report will be prepared in accordance with the Global Reporting initiative (GRI) Guidelines. The Company will be issuing its inaugural sustainability report by the second quarter of 2018 on its website.

The Company has internal guidelines on matters which require Board's approval, including but not limited to, the appointment of directors, the company secretary and the sponsor, as well as major transactions such as, *inter alia*, capital funding, acquisitions and disposals of assets and the release of the Group's financial results announcements.

A formal letter is provided to each Director upon their appointment, setting out their relevant duties and obligations, to acquaint them with their responsibilities as directors of the Company.

The Company conducts orientation programme for new directors, and are briefed by Management to familiarise themselves with the Group's business and governance policies and practices. The orientation programme aims to provide the new directors with an understanding of the Group's businesses to enable them to assimilate into their new roles and to get acquainted with Management, thereby facilitating Board interaction and independent access to Management. The Company also provide training to first-time directors in areas such as accounting, legal and industry-specific knowledge as appropriate.

The Company's Constitution (the "**Constitution**") allows directors to participate in Board meetings by way of teleconference.

Corporate **Governance**

The number of Board and Board Committees meetings held in the financial year ended 31 December 2017 ("**FY2017**") and the attendance of Directors during these meetings are as follows:

	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
Name of Director	**Number Held[(1)]**	**Attendance[(1)]**	**Number Held[(1)]**	**Attendance[(1)]**	**Number Held[(1)]**	**Attendance[(1)]**	**Number Held[(1)]**	**Attendance[(1)]**
Luong Andy [(2)]	–	–	–	–	–	–	–	–
Joe Lau	2	2	–	–	1	1	–	–
Zee Hoong Huay	2	2	–	–	–	–	–	–
Soh Chee Siong [(3)]	2	2	–	–	–	–	–	–
Wong Gang	2	2	2	2	1	1	1	1
Raymond Quek Hiong How	2	2	2	2	1	1	1	1
Scully Kevin Norbert [(4)]	2	2	2	2	1	1	1	1
Chan Wai Leong	2	2	2	2	–	–	1	1
Leow Kim Keat [(5)]	–	–	–	–	–	–	–	–

(1) Number of meetings held/attended during the financial year/period from 1 January 2017 (or from date of appointment of Director, where applicable) to 31 December 2017
(2) Mr. Luong Andy was appointed on 22 February 2018
(3) Mr. Soh Chee Siong resigned on 19 March 2018
(4) Mr. Scully Kevin Norbert resigned on 27 December 2017
(5) Mr. Leow Kim Keat was appointed on 15 January 2018

To keep abreast with developments in the financial, legal and accounting sectors and to ensure that the Directors are kept informed of relevant new laws, regulations and changing commercial risks, the Company encourage its Directors to attend relevant instructional or training courses at the Company's expense. In particular, the Board is regularly kept informed and updated on courses and seminars offered by the Singapore Institute of Directors which are relevant to the training and professional development of the Directors. The Company Secretary or his representative attends Board meetings and ensures that Board procedures are followed and that the applicable rules and regulations are complied with.

Principle 2 – Board Composition and Guidance

Board Independence

The Board comprises seven members, of which, three are independent non-executive directors ("**INED**") i.e., they have no relationship with the Company, its related companies, its 10% shareholders, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group. No individual or small group of individuals dominates the Board's decision making.

All Directors are required to disclose any relationships or appointments which would impair their independence to the Board as and when it arises. Based on the evaluations conducted by the NC, the Board views that the INEDs of the Company are independent in character and judgement and that there are no relationships which are likely to affect or could appear to affect the Director's judgement in the course of discharging his fiduciary duties.

As and when directors serve beyond nine years, the NC performs a particularly rigorous review to assess the independence of the relevant directors. In doing so, the Board is committed to progressively renewing Board membership, and the NC is committed to reviewing the composition of the Board in the current financial year. None of the INEDs have served the Company for a period exceeding nine years, except for Mr. Wong Gang. The Board is of the view that Mr. Wong Gang is considered independent, notwithstanding that he has been on the Board for more than nine years, because he has continued to demonstrate strong independence in character and judgement and has contributed effectively as Lead Independent Director by providing impartial and autonomous views. He is also subject to the same rigorous review and assessment as the other INEDs.

Board Composition and Size

The NC reviews the size and composition of the Board and Board Committees on an annual basis. The Board comprises business leaders and professionals with financial, legal and business management background. The Board, as a whole, possesses the necessary core competencies such as accounting or finance, business or management experience and industry knowledge, strategic planning experience and customer-based experience or knowledge.

In consideration of the current scope and nature of the operations of the Group's operations, the Board is satisfied that the current composition mix and size of the Board is appropriate and allows for effective decision making at the Board and the Board Committees meetings.

Role of non-executive Directors

Although all the Directors have an equal responsibility for the Group's operations, the role of non-executive directors ("**NED**") is particularly important in ensuring that the strategies proposed by Management are constructively challenged from an objective perspective, and at the same time take into account of the constructive suggestions that will shape the Company's policies. NEDs also aid in the review of Management's performance and monitor Management's reporting framework.

The NEDs meets regularly without presence of Management.

Principle 3 – Chairman and Chief Executive Officer

Role of Chairman and Chief Executive Officer

The position of Chairman and Chief Executive Officer ("**CEO**") are held by two separate individuals, who are not related, to maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Executive Chairman, Mr Luong Andy, is responsible for leading the Board and ensuring that the Board is effective in all aspects of its role. He encourages constructive relations within the Board and between the Board and Management, and takes a lead role in promoting high standards of corporate governance. This includes setting the agenda for Board meetings, ensuring that adequate time is available for the discussion of all agenda items at Board meetings, promoting a culture of openness and debate at the Board and effective communication with shareholders, encouraging the NEDs to contribute effectively, and exercising control over the complete, adequate and timely information flow between the Board and Management.

The CEO, Mr. Lau, who is also an executive director of the Company, has full executive responsibilities over the business directions and operational decisions in the day to day management of the Group and is responsible in assisting the board to develop corporate policies and strategies.

Lead Independent Director

Mr. Wong Gang was appointed to act as the Lead Independent Director ("**LID**") and is available to shareholders, where they have concerns and for which contact through the normal channels of the Executive Chairman and CEO or the Chief Financial Officer (or equivalent) or the relevant Director has failed to resolve or for which such contact is inappropriate.

All NEDs, meet at least annually without the presence of the other Executive Directors to discuss matters of significance which are thereon reported to the Chairman accordingly.

Principle 4 – Board Membership

NC composition and Role

The NC comprises four members, of which three are INEDs and one an Executive Director.

Wong Gang	(Chairman)
Raymond Quek Hiong How	
Joe Lau	
Leow Kim Keat	

The principal role of the NC is to establish a formal and transparent process for appointments and reappointments to the Board and to review Board effectiveness, structure, size and composition. Other roles include reviewing the Board's succession plans, training needs and professional development programmes.

The NC is responsible for identifying and nominating candidates for the Board, determining annually, whether a Director is independent in accordance with the guidelines set out in the Code, filling board vacancies as well as to put in place plans for succession.

Directors' Time Commitments

The NC monitors and determines annually whether Directors who have multiple board representations and principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual director and his actual conduct on the Board, in making this determination.

The NC has ascertained that for the period under review, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out, his duties as a Director of the Company. The Directors have expressed that they are committed to carrying out their roles and responsibilities to their best of efforts. The NC concluded that there is no need to impose a limit on the number of board representations at this stage.

The Company does not have any alternate directors.

Re-nomination of Directors

The Constitution provide that at least a third of the Board retires by rotation at every Annual General Meeting ("**AGM**"), and all Directors will be required to submit themselves for re-nomination and re-election on a rotational basis and at least once every 3 years. All new Directors appointed by the Board shall hold office until the next AGM, and are eligible for re-elect at the said AGM.

The Board has accepted NC's nomination of the retiring Directors, Mr. Zee Hoong Huay, Mr. Raymond Quek Hiong How, Mr Luong Andy and Mr. Leow Kim Keat for re-election as directors at the forthcoming AGM ("**2018 AGM**") and are to retire and subject to re-election at the 2018 AGM.

Process for Nomination and Selection of New Directors

The process for selection and appointment of new directors will be led by the NC in the following order: (i) determining the desirable competencies for the appointment, and after consultation with the Management, (ii) assessing the suitability of the candidates and conducting an open dialogue to ensure that each candidate is aware of his role and obligations and (iii) submitting a final shortlist for recommendation to the Board.

The search and nomination process for new directors, led by the NC, is as follows:

- the NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and key attributes that an incoming director should have.

- after endorsement by the Board of the key attributes required, the NC taps on the networking resources of the existing Directors and seeks recommendations from them in relation to the potential candidates, and goes through a short listing process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed to aid in the search process.

- the NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.

- the NC recommends the most suitable candidate to the Board for appointment as Director.

Principle 5 - Board Performance

Board Evaluation Process

Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Executive Chairman and individual Directors to the effectiveness of the Board.

Board Evaluation Criteria

Part of the evaluation process is through the review of the appraisal and evaluation forms, which considered an assessment of the following key performance criteria:

- Board size and composition of the Board
- Board independence
- Board processes
- Board information and accountability
- Board performance in discharging principle functions
- Board Committee performance
- Board time commitment
- Overall contribution

Principle 6 - Access to Information

Board Access to Information

The Company makes available to all Directors its half-year and full-year accounts and where required, other financial statements, budgets and forecasts, and other relevant information as necessary. Detailed reports and board papers are sent out to the Directors prior to Board meetings to enable the Directors to obtain a proper understanding of the issues. With regard to budgets whereby material variances exist between the actual and forecasted numbers, they are reviewed by the Board as well as disclosed and explained by the Management, where required by the Board.

The Directors are updated regularly on corporate governance requirements, changes in listing rules and regulations, and the performance of the Group. The Directors have separate and independent access to Management, including the CEO, the Group Financial Controller ("**GFC**") and other key Management, as well as the Group's internal and external auditors, at all times.

Role of the Company Secretary

The Company Secretary or his representative attends all Board meetings and ensures the Board procedures and the performance of the Group's compliance obligations pursuant to the relevant statutes and regulations are followed. Under the direction of the Executive Chairman, the Company Secretary ensures good information flows within the Board and Board Committees and between senior management and NEDs, as well as facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary can only be taken by the Board as a whole.

Professional Advice taken by the Board

The Directors, either individually or as a group, in the furtherance of their duties, may take independent professional advice, if necessary, at the Company's expense.

(B) REMUNERATION MATTERS

Principle 7– Procedures for Developing Remuneration Policies

RC Composition and Role

The RC comprises four members, of which three are INEDs and one is a NED.

Wong Gang (Chairman)
Raymond Quek Hiong How
Chan Wai Leong
Leow Kim Keat

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for determining the remuneration packages of individual Directors and senior Management.

The RC's principal responsibilities are:

- Reviewing and recommending to the Board for the endorsement, a general framework for computation of directors' fees of the Board and senior Management. For Executive Directors and other senior Management, the framework covers all aspects of executive remuneration. Such remuneration packages include but are not limited to director's fees, salaries, allowances, bonuses and benefits in kind; and
- Reviewing and recommending the specific remuneration packages for each Director and the Company's key management personnel.

The RC reviews the reasonableness of the contracts of service of Executive Directors and key management personnel to ensure that their compensation is commensurate with the responsibilities and risks involved in being a Director and that their remuneration packages are comparable within the industry and include a performance-related element with appropriate and meaningful measures of assessing performance.

Principle 8 – Level and Mix of Remuneration

Remuneration of Directors and key management personnel

The INEDs do not have any service agreements with the Company. Save for directors' fees, which have to be approved by the shareholders at every AGM, the INEDs do not receive any other remuneration from the Company. No Director or member of the RC is involved in deciding his own remuneration.

Based on the Remuneration Framework, the service contract for Executive Directors and KMPs comprise of a fixed component (in the form of basic salary, fixed allowance and other benefit-in-kind) and variable components (in the form of annual bonus) which is based on the Group's and individual performance. The service contracts of Executive Directors provide for a fixed appointment period, after which they are subject to re-election.

Currently, the Company does not have any long-term incentive scheme for its Directors but has been looking into this issue with its INEDs. The Company has decided not to proceed further at this stage. Where appropriate, the Board will adopt recommendations and modifications on adopting incentive schemes, if feasible and applicable. The RC may seek expert advice outside the Company on remuneration for the Directors and key members of the Management. It will ensure that in the event such advice is being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

Principle 9 – Disclosure on Remuneration

The remuneration of Directors and the top five key executives of the Company for FY2017 are set out below:

Name	Fees(1)	Salary(2)	Bonus(2)	Others(3)	Total
Directors					
S$250,000 – S$499,999					
Joe Lau	–	72%	16%	12%	100%
Zee Hoong Huay	–	87%	-	13%	100%
Soh Chee Siong (4)	–	78%	11%	11%	100%
Below S$250,000					
Wong Gang	100%	–	–	–	100%
Raymond Quek Hiong How	100%	–	–	–	100%
Scully Kevin Norbert (5)	100%	–	–	–	100%
Chan Wai Leong	100%	–	–	–	100%

Key Executives					
Below S$250,0000					
Christine Zhang	–	84%	6%	10%	100%
Eddie Goh Kuan Teck	–	84%	6%	10%	100%
Alan Tan Shee Tong	–	92%	7%	1%	100%
Lau Adelene	–	83%	7%	10%	100%
Darren Zee Yu Liang	–	84%	6%	10%	100%

Notes

(1) These fees were approved by shareholders at the last AGM held on 27 April 2017.
(2) Salaries and bonuses include employer contributions to the Central Provident Fund. Bonuses also include performance-related incentives.
(3) Benefits in kind such as use of company vehicles are included.
(4) Mr Soh Chee Siong resigned on 19 March 2018
(5) Mr Scully Kevin Norbert resigned on 27 December 2017

The Board is of the view that it is not in the interests of the Company to disclose the remuneration of each individual Director and the CEO on a named basis and the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO) in this report due to the sensitive and confidential nature of such information and disadvantages that this might bring.

There are no termination, retirement and post-employment benefits granted to Directors, the CEO and the top five key management personnel.

The table below shows annual remuneration (in incremental bands of S$50,000) of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2017:

Remuneration Band & name of executives
S$100,000 – S$149,999
Lau Adelene
Darren Zee Yu Liang
S$50,000 – S$99,999
Patrick Lau Fook Kong
Lee Pui Rong

Mr. Patrick Lau Fook Kong and Ms. Lau Adelene are the younger brother and the eldest daughter of Mr. Joe Lau, the executive director and CEO of the Company.

Ms. Lee Pui Rong and Mr. Darren Zee Yu Liang, are the spouse and eldest son of Mr. Zee Hoong Huay, an Executive Director and a substantial shareholder of the Company respectively.

(C) ACCOUNTABILITY AND AUDIT

Principle 10 – Accountability

Accountability of the Board and Management

The Board is collectively responsible for the success of the Company and works with the Management to achieve this. The Company reports its financial results half yearly.

Through these reports, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's financial performance, position and prospects.

The Management provides all members of the Board with sufficient and timely information on its financial performance and potential issues before all Board meetings.

In line with the continuous disclosure obligations of the Company and in accordance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Catalist Rules**") and the Companies Act, the Board adopts a policy whereby shareholders will be informed of all major developments of the Company.

Financial information and other price sensitive information are circulated in a timely manner to the shareholders through announcements via SGXNET, press releases, the Company's website, media and analysts' briefings. The Company's corporate information as well as annual reports are also available on the Company's website.

The Management makes available to all Directors its half-year and full-year management accounts and where required, such other necessary financial information for other periods, if applicable.

Principle 11 – Risk Management and Internal Controls

The Company does not have a risk management committee. The Board is overall responsible for the management of risk within the Group. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic business objectives.

The Management had engaged Virtus Assure Pte Ltd ("**VA**"), an internal auditor, to conduct a major review of the Group's operations and business to identify and assess risks relevant to the Group with the objective of mitigating the risks, and allocating the Group's resources to create and preserve value aligned to the Group's strategy. VA performed a facilitative role in the risk assessment process and conducted an enterprise risk assessment with the Management and relevant employees to identify key risks that would impact the achievement of the Group's business objectives. The risk assessment exercise highlighted pertinent risks in strategic, operational, financial, regulatory compliance and information technology areas. Identified risks formed a basis of the Group's risk management framework and the Enterprise Risk Management ("**ERM**") manual.

The risk management framework and ERM manual were developed to provide the architecture for managing risks across the Group. Identification, evaluation and reporting of risks are conducted by an in-house risk management team on a continuing basis.

The Management is responsible for ensuring that the risk identified is relevant to the business environment and that controls or mitigating factors are in place. The Board reviews and approves policies and procedures for managing identified risks. The AC provides independent oversight to the effectiveness of the risk management process.

Both the external auditors and the internal auditors conduct annual review of the adequacy and effectiveness of the Group's key internal controls, including financial, operational, compliance and informational technology controls and risk management. Any material non-compliances or lapses in internal controls and recommendation for improvement are reported to the AC. All required corrective and preventive measures, and steps for improvement are closely monitored.

The effectiveness of the Group's system of internal controls are in place to address the key financial, operational, compliance and information technology risks affecting the operations are reviewed by the AC, together with the Board.

In compliance with Rule 1204 (10) of the Catalist Rules, the Board, with the concurrence of the AC, is of the opinion that the Company has a robust and effective internal control system. The system of internal controls is sufficiently adequate and effective to address the information technology controls and risk management systems, as well as the financial, operational, compliance and information technology risks based on the internal controls established and maintained by the Group and reports from the internal auditors and external auditors.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

The Board had received assurance from the Executive Director and the GFC (who performs the role of a chief financial officer) and the internal auditors that: (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (ii) the Company's risk management and internal control systems are effective

Principle 12 – Audit Committee

Composition of the AC

The AC comprises four members who all have accounting or related financial expertise or experience to discharge their responsibilities. It comprises three INEDs and one NED.

Raymond Quek Hiong How (Chairman)
Wong Gang
Leow Kim Keat
Chan Wai Leong

None of the members of the AC is a former partner of the Company's external auditors, Deloitte & Touche LLP or has any financial interest in the audit firm.

The Board is of the view that all the members of the AC are appropriately qualified to discharge their responsibilities.

Roles and Responsibilities of the AC

The principal responsibilities of the AC are:

a) to review with the external auditors their audit plan, audit report, management letter and the Management's response;
b) to review the half-year and full-year financial statements on significant financial reporting issues and judgments before submission to the Board for approval;
c) to review any formal announcements relating to the Company's financial performance;
d) to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors;
e) to meet with the internal and external auditors without the presence of the Management, at least annually, to discuss any problems and concerns they may have;
f) to review the assistance given by the Management to external auditors;
g) to review and evaluate the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
h) to review the effectiveness of the Company's internal audit function;
i) to review annually the scope and results of the external audit and its cost-effectiveness as well as the independence and objectivity of the external auditors;
j) to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within its terms of reference;
k) to report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
l) to review interested person transactions ("**IPT**") falling within the scope of the Catalist Rules;
m) to undertake such other reviews and projects as may be requested by the Board; and
n) to consider the appointment/re-appointment of external auditors, the audit fee and matters relating to the resignation or dismissal of auditors.

The Company has put in place a whistle blowing policy, reviewed and endorsed by the AC, whereby the employees can, in confidence, raise concerns relating to financial reporting, unethical or improper conduct to the AC for investigation. The LID will lead in all queries as may be raised by the staff of the Company.

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment. The AC provides a channel of communication between the Board, the Management, and the internal and external auditors on audit matters.

The AC also has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any Director to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC meets with the internal and external auditors, without the presence of the Management, at least once a year.

Changes to accounting standards and issues which have a direct impact on financial statements will be highlighted to the AC from time to time by the external auditors. The external auditors will work with the Management to ensure that the Group complies with the new accounting standards, if applicable.

Financial Matters

In the review of the financial statements, the AC has discussed with management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditor and were reviewed by the AC:

Significant matters	How the AC reviewed these matters and what decision were made
Impairment review of goodwill	The AC considered the approach and methodology applied to the valuation model in goodwill impairment assessment. It reviewed the reasonableness of cash flow forecasts, the long-term growth rate, gross margins and discount rate. The impairment review was also an area of focus of the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2017.

Interested Person Transactions ("IPT")

The AC reviewed the Group's IPT to ensure that the transactions were executed at normal commercial terms and did not prejudice the interests of the Group and its minority shareholders.

There were no IPT during the financial year end under review.

External Auditor

In assessing independence of external auditor, the AC reviewed the fees and expenses paid to external auditor, including fees paid for non-audit services during the year. The AC has reviewed the non-audit services rendered by the external auditor for FY2017 as well as the fees paid, and is of the opinion that the external auditor's independence has not been impaired.

	S$'000
Audit fees	150
Non-audit fees	23
Total fees	173

The Group has also complied with Rules 712 and 715 of the Catalist Rules in relation to the engagement of its external auditors.

Principle 13 - Internal Audit

The Internal Auditors, Virtus Assure Pte. Ltd. reports directly to the AC Chairman and administratively to the CEO. The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls, and to highlight the areas where control weaknesses exist, if any. The Company continues to work with the internal auditor to identify other scope of work which will help to further enhance the robustness of the Company.

The internal auditor carried out its function according to the standards set by locally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC has reviewed the adequacy and effectiveness of the internal audit function at least annually and ensured that it is adequately resourced and has appropriate standing within the Company.

The AC approves the hiring, removal, evaluation and compensation of the internal auditor, who has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

(D) COMMUNICATION WITH SHAREHOLDERS

Principles 14, 15 & 16 – Shareholder Rights and Responsibilities

Shareholder Rights

The Board is committed to being open and transparent in the conduct of the Company's affairs, while preserving the commercial interests of the Company. The Board is mindful of its obligations to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST Financial Results, annual reports and other material information are released via SGXNET. Announcements released via SGXNET are also uploaded promptly on the Company's corporate website. The Company's website: www.jep-holdings.com, contains regular up to date information and corporate profile of the Group. All shareholders and the public can access for more information of the Company through this website.

Principles 14, 15 & 16 – Shareholder Rights and Responsibilities (cont'd)

The Company is in full support of shareholder participation at AGMs. For those who hold their shares through nominee or custodial services, they are allowed, upon prior request through their nominee, to attend the AGM as observers without being constrained by the two-proxy rule.

The Company allows corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

All resolutions at general meetings are voted on by electronic poll so as to better reflect shareholders' shareholding interests and ensure greater transparency. Shareholders are briefed by the appointed polling agent on the poll voting procedures at the AGM. The appointed scrutineer will ensure that the poll process is properly carried out and the counting of the votes is verified by the scrutineer. The poll voting results, in addition to the proxy voting results, are presented to the audience and subsequently released via SGXnet.

Communication with Shareholders

Shareholders are informed of shareholders' meeting through notices published in the newspapers and reports, or circulars sent to all shareholders.

At general meetings, shareholders are given the opportunity to express their views and ask questions regarding the Group and its businesses. The Constitution allows a shareholder to appoint one or two proxies to attend and vote in place of the shareholder. The Constitution contains provision for any shareholder to vote in absentia.

Each item of special business in the notices of the shareholders' general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each distinct issue. All minutes of general meetings are available to shareholders upon request.

All Directors, including the Chairman of the AC, NC and RC are in attendance at the general meeting to allow shareholders the opportunity to air their views and ask Directors questions regarding the Company. In addition, external auditors are also invited to attend AGMs to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors' report.

The Company has also engaged an external investor relations firm to enhance its communication with shareholders and the investment community at large.

Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, operational and capital requirements, cash flow and financial conditions, as well as general business conditions and other factors which the Board may deem appropriate. The Board endeavours to maintain a balance between meeting shareholder's expectations and prudent capital management. The Board will review the dividend payment from time to time.

Additional Information Required by the Singapore Exchange Securities Trading Limited

1. Securities transactions

In compliance with Rule 1204 (19) of the Catalist Rules, the Company imposes a trading embargo on its Directors and employees from trading in its securities for the period of one month prior to the announcement of the half-year and full-year financial results, or when they are in possession of unpublished material price-sensitive information.

An internal memorandum was circulated informing all persons covered by the policy that they are prohibited from dealing in the securities of the Company during the 'closed window' period until after the release of the results. The Company's internal memorandum includes the clause whereby an officer of the Company is prohibited from dealing in the Company's securities on short-term considerations.

In view of the policy in place, the Board is of the opinion that the Company has complied with the recommended best practices on dealings in securities under Rule 1204 (19) of the Catalist Rules.

2. Sponsor

During the financial year, there were no non-sponsor fees paid to the Sponsor during the financial year.

3. Use of proceeds from Rights cum Warrants issue

The Board wishes to update shareholders on the utilisation of the Net Proceeds raised from the Rights cum Warrants Issue as set out below:

S/N	Intended Use of the Net Proceeds	Percentage Allocation (%)	Approximate Amount Allocated (S$'000)	Approximate amount utilised as at 29 March 2018	Approximate amount remaining as at 29 March 2018
1.	Seletar Project Financing	62.5	5,000	4,820	180
2.	General Working capital purposes	37.5	3,000	–	3,000
Total		100%	8,000	4,820	3,180

The utilisation of the Net Proceeds is in accordance with the stated uses and the percentages allocated in the Offer Information Statement dated 29 November 2016.

Directors' **Statement**

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 32 to 78 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 December 31, 2017, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. DIRECTORS

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

Luong Andy	(Appointed on February 22, 2018)
Joe Lau	
Zee Hoong Huay	
Wong Gang	
Raymond Quek Hiong How	
Chan Wai Leong	
Leow Kim Keat	(Appointed on January 15, 2018)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital, debentures and warrants of the Company and related companies as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director			Shareholdings in which director is deemed to have an interest		
Name of directors and companies in which interests are held	As at January 1, 2017	As at December 31, 2017	As at January 21, 2018	As at January 1, 2017	As at December 31, 2017	As at January 21, 2018
The Company						
Joe Lau						
- Ordinary shares	157,861,425	157,861,425	861,425	45,000,000	45,000,000	45,000,000
- Warrants	26,310,237	26,310,237	26,310,237	7,500,000	7,500,000	7,500,000
Zee Hoong Huay						
- Ordinary shares	213,384,650	213,384,650	103,384,650	78,604,000	78,604,000	78,604,000
- Warrants	46,730,775	46,730,775	46,730,775	16,934,000	16,934,000	16,934,000

By virtue of Section 7 of the Singapore Companies Act, Mr. Joe Lau and Mr. Zee Hoong Huay are deemed to have an interest in the shares of the Company and in all the related companies of the Company.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related companies, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

4 SHARE OPTIONS

(a) *Option to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) *Option exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT COMMITTEE

The Audit Committee compromises the following members:

Raymond Quek Hiong How	(Chairman and Independent Director)
Wong Gang	(Lead Independent Director)
Chan Wai Leong	(Non-Executive and Non-Independent Director)
Leow Kim Keat (Appointed on January 15, 2018)	(Independent Director)

The Audit Committee performs the functions set out in Section 201B (5) of the Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange and the Code of Corporate Governance. In performing those functions, the Audit Committee:

(i) reviewed the overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) reviewed the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) reviewed the half yearly financial information and the consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended December 31, 2017 as well as the independent auditor's report thereon;

(iv) reviewed the effectiveness of the Company's material internal controls, including financial, operational, compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

(v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vi) 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;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(xi) reviewed the interested person transactions as defined in Chapter 9 of the Listing Manual of the Singapore Exchange ("SGX-ST").

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee has recommended to the Board of Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditor of the Group at the forthcoming Annual General Meeting.

In appointing our auditors for the Company and subsidiaries, the Group has complied with Rules 712 and 715 of the SGX Listing Manual.

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

Directors' **Statement**

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....

Luong Andy

....

Joe Lau

March 29, 2018

Independent **Auditor's Report**

to the members of JEP Holdings Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of JEP Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 32 to 78.

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

Other Matters

The financial statements of the Group and of the Company for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated April 4, 2017.

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 year. 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.

Key Audit Matter	Our audit performed and responses thereon
Impairment review of goodwill	
Goodwill arises from the Group's acquisition of Dolphin Engineering Pte Ltd ("DEPL"), JEP Precision Engineering Pte Ltd ("JEPS") and JEP Industrades Pte Ltd ("JEPI"). As of December 31, 2017, the carrying amount of the Group's goodwill is $17,542,000. Goodwill is required to be tested annually for impairment or more frequently if there are indications that goodwill might be impaired. Value-in-use is estimated based on management's forecast of future cash flows discounted to present value using the pre-tax discount rate. Significant estimates and assumptions such as discount rate and terminal growth rate are required in determining value-in-use. The key assumptions of the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 12 to the financial statements.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in their impairment review of goodwill. We performed the following procedures: • Obtained and reviewed management's impairment assessment of goodwill by evaluating and challenging assumptions such as revenue growth rates and gross margins; • Engaged valuation specialist to review key assumptions such as the discount rates and the terminal growth rates used by the management in their impairment assessment; • Evaluated the competency, capabilities and objectivity of the valuation specialist engaged; and • Performed an independent sensitivity analysis on key assumptions. We considered the adequacy of the disclosures in the consolidated financial statements in respect of the impairment review of goodwill.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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 Mr. Yang Chi-Chih.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 29, 2018

Statements of **Financial Position**

December 31, 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Current assets					
Cash and bank balances	6	6,196	7,990	2,046	3,001
Trade and other receivables	7	24,252	21,160	19	12
Amount due from subsidiaries	8	–	–	1,700	1,663
Inventories	9	13,775	14,037	–	–
		44,223	43,187	3,765	4,676
Assets of disposal group classified as held for sale	10	38	38	–	–
Total current assets		44,261	43,225	3,765	4,676
Non-current assets					
Property, plant and equipment	11	54,056	50,857	22	–
Intangible assets	12	17,992	18,753	–	–
Subsidiaries	13	–	–	50,637	50,637
Amount due from subsidiaries	8	–	–	5,000	5,000
Club membership		48	–	48	–
Other receivables	7	649	–	–	–
Deferred tax assets	19	160	357	160	357
Total non-current assets		72,905	69,967	55,867	55,994
Total assets		117,166	113,192	59,632	60,670
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	14	14,323	11,996	–	–
Trade and other payables	15	16,466	21,099	284	392
Income tax payable		–	31	–	–
Amount due to subsidiaries	16	–	–	1,006	901
Finance leases	17	1,850	803	–	–
Contingent consideration and provision	18	2,000	2,297	2,000	2,005
Total current liabilities		34,639	36,226	3,290	3,298
Non-current liabilities					
Bank loans	14	27,498	23,849	–	–
Amount due to subsidiaries	16	–	–	–	950
Finance leases	17	5,706	1,148	–	–
Contingent consideration and provision	18	–	1,791	–	1,791
Deferred tax liabilities	19	478	1,112	–	–
Total non-current liabilities		33,682	27,900	–	2,741
Capital, reserves and non-controlling interests					
Share capital	20	45,218	45,186	45,218	45,186
Warrants reserve	21	618	623	618	623
Capital reserve	21	252	247	252	247
Translation reserve	21	(194)	(194)	–	–
Retained earnings		1,351	962	10,254	8,575
Equity attributable to owners of the Company		47,245	46,824	56,342	54,631
Non-controlling interests		1,600	2,242	–	–
Total equity		48,845	49,066	56,342	54,631
Total liabilities and equity		117,166	113,192	59,632	60,670

See accompanying notes to financial statements.

Consolidated Statement of **Profit or Loss and Other Comprehensive Income**

Year ended December 31, 2017

	Note	Group 2017 $'000	Group 2016 $'000
Revenue	22	86,093	71,934
Cost of sales		(76,160)	(64,199)
Gross profit		9,933	7,735
Other operating income	23	2,134	1,771
Selling and distribution expenses		(2,241)	(2,234)
Administrative expenses		(8,653)	(7,445)
Finance costs	24	(1,427)	(984)
Loss before tax		(254)	(1,157)
Income tax credit	25	437	972
Profit (Loss) for the year	26	183	(185)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		*	1
Total comprehensive income (expense) for the year		183	(184)
Profit attributable to:			
Owners of the Company		825	154
Non-controlling interests		(642)	(339)
		183	(185)
Total comprehensive income (expense) attributable to:			
Owners of the Company		825	155
Non-controlling interests		(642)	(339)
		183	(184)
Earnings per share (expressed in cents)	28		
Basic		0.0567	0.0146
Diluted		0.0498	0.0145

* Denotes less than $1,000.

See accompanying notes to financial statements.

Statements of **Changes in Equity**

Year ended December 31, 2017

	Note	Share capital	Warrants reserve	Capital reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Balance as at January 1, 2016		37,834	–	247	(195)	808	38,694	2,581	41,275
Total comprehensive income for the year									
Profit (loss) for the year		–	–	–	–	154	154	(339)	(185)
Currency translation differences		–	–	–	1	–	1	*	1
Total		–	–	–	1	154	155	(339)	(184)
Transactions with owners, recognised directly in equity									
Issue of new ordinary shares	20	7,473	–	–	–	–	7,473	–	7,473
Issue of warrants	21	–	623	–	–	–	623	–	623
Shares issuance expenses		(121)	–	–	–	–	(121)	–	(121)
Total		7,352	623	–	–	–	7,975	–	7,975
Balance as at December 31, 2016		45,186	623	247	(194)	962	46,824	2,242	49,066
Total comprehensive income for the year									
Profit (loss) for the year		–	–	–	–	825	825	(642)	183
Currency translation differences		–	–	–	*	–	*	*	*
Total		–	–	–	*	825	825	(642)	183
Transactions with owners, recognised directly in equity									
Issue of new ordinary shares	20	32	(5)	5	–	–	32	–	32
Dividends	27	–	–	–	–	(436)	(436)	–	(436)
Total		32	(5)	5	–	(436)	(404)	–	(404)
Balance as at December 31, 2017		45,218	618	252	(194)	1,351	47,245	1,600	48,845

* Denotes less than $1,000.

Statements of **Changes in Equity**

Year ended December 31, 2017

	Note	Share capital	Warrants reserve	Capital reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
Company						
Balance as at January 1, 2016		37,834	–	247	7,653	45,734
Total comprehensive income for the year						
Profit for the year		–	–	–	922	922
Total		–	–	–	922	922
Transactions with owners, recognised directly in equity						
Issue of new ordinary shares	20	7,473	–	–	–	7,473
Issue of warrants	21	–	623	–	–	623
Shares issuance expenses		(121)	–	–	–	(121)
Total		7,352	623	–	–	7,975
Balance as at December 31, 2016		45,186	623	247	8,575	54,631
Total comprehensive income for the year						
Profit for the year		–	–	–	2,115	2,115
Total		–	–	–	2,115	2,115
Transactions with owners, recognised directly in equity						
Issue of new ordinary shares	20	32	(5)	5	–	32
Dividends	27	–	–	–	(436)	(436)
Total		32	(5)	5	(436)	(404)
Balance as at December 31, 2017		45,218	618	252	10,254	56,342

See accompanying notes to financial statements.

Consolidated Statement of **Cash Flows**

Year ended December 31, 2017

	Group	
	2017	2016
	$'000	$'000
Operating activities		
Loss before income tax	(254)	(1,157)
Adjustments for:		
Allowance for doubtful debts	9	21
Depreciation of property, plant and equipment	5,518	3,700
Amortisation of intangible assets	761	973
Gain on disposal of property, plant and equipment	(276)	(175)
Amortisation of gain on sale and leaseback	(496)	(529)
Property, plant and equipment written off	45	9
Inventories written off	–	344
(Reversal of) Provision for inventory obsolescence	(35)	450
Interest income	(7)	(1)
Interest expense	1,427	984
Operating cash flows before movements in working capital	6,692	4,619
Inventories	297	(1,372)
Trade and other receivables	(2,836)	(4,902)
Trade and other payables	2,683	2,476
Cash generated from operations	6,836	821
Interest paid	(1,215)	(745)
Interest received	7	1
Income tax paid	(31)	(303)
Net cash from (used in) operating activities	5,597	(226)
Investing activities		
Purchase of property, plant and equipment (Note A)	(9,946)	(18,957)
Proceeds from disposal of property, plant and equipment	415	216
Payment of contingent consideration	(2,000)	–
Purchase of club membership	(48)	–
Net cash used in investing activities	(11,579)	(18,741)
Financing activities		
Proceeds from issue of ordinary shares	32	7,473
Proceeds from issue of warrants	–	623
Repayment of finance leases	(1,263)	(4,856)
Proceeds from bank loans	14,839	25,521
Repayment of bank loans	(8,863)	(4,943)
Dividend paid to shareholders	(436)	–
Share issuance expenses	(121)	–
Net cash from financing activities	4,188	23,818
Net (decrease) increase in cash and bank balances	(1,794)	4,851
Effect of exchange rate changes	*	1
Cash and bank balances at beginning of year	8,028	3,176
Cash and bank balances at end of year (Note 6)	6,234	8,028

Note A

In 2017, the Group acquired property, plant and equipment with an aggregate cost of $8,901,000 (2016: $24,059,000) of which $7,135,000 (2016: $1,265,000) was acquired by means of finance leases. Cash payments amounting to $1,703,000 were paid to purchase property, plant and equipment. This amount was deducted from the carrying value of the qualifying assets and will be reimbursed by grants from government agencies. Partial of this amount has been received during the year.

* Denotes less than $1,000.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 199401749E) is incorporated in Singapore with its principal place of business and registered office at 16 Seletar Aerospace Crescent Singapore 797567. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries.

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2017 were authorised for issue by the Board of Directors on March 29, 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2017, the Group adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years except for certain presentation improvements arising from Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative.

Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group's liabilities arising from financing activities and a reconciliation between the opening and closing balances of these liabilities are set out in Note 14. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 14, the application of these amendments has had no impact on the Group's consolidated financial statements.

<u>Convergence to the International Financial Reporting Standards ("IFRS") in 2018</u>

Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new Singapore financial reporting framework, the Singapore Financial Reporting Standards (International) ("SFRS(I)"), that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after January 1, 2018. The Group will be adopting SFRS(I) for the first time for the financial year ending December 31, 2018.

Management has completed their assessment of the potential impact arising from SFRS(I) 1 First-time adoption of SFRS(I), and has concluded that there are no changes to the Group's and the Company's current accounting policies or material adjustments required on transition to the new framework.

New SFRS(I) and SFRS(I) INT yet to be adopted

At the date of authorisation of these financial statements, the following SFRS(I) that are relevant to the Group and the Company were issued but not effective:

- SFRS(I) 9 *Financial Instruments*[1]
- SFRS(I) 15 *Revenue from Contracts with Customers*[1]
- SFRS(I) 16 *Leases*[2]

[1] *Applies to annual periods beginning on or after January 1, 2018, with early application permitted.*

[2] *Applies to annual periods beginning on or after January 1, 2019, with early application permitted if SFRS(I) 15 is adopted.*

Management anticipates that the adoption of the above SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption as follows:

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 was issued in December 2017, and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of FRS 39 *Financial Instruments: Recognition and Measurement* ("FRS 39") are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL"). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management has performed a detailed analysis of the requirements of the initial application of the new SFRS(I) 9 which will result in changes to the accounting policies relating to the impairment provisions of financial assets. Management anticipates that the adoption of SFRS(I) 9 will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

<u>SFRS(I) 15 *Revenue from Contracts with Customers*</u>

In December 2017, SFRS(I) 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. SFRS(I) 15 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management has performed a detailed analysis of the requirements of the initial application of SFRS(I) 15. Management anticipates that the adoption of SFRS(I) 15 will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 was issued in December 2017.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17 *Leases* ("FRS 17").

FRS 17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases the Group enters into. Under SFRS(I) 16, the Group may be required to recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

Management is currently still assessing the possible impact of implementing SFRS(I) 16. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt SFRS(I) 16 for financial year ending December 31, 2018.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to any non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and any non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of the acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at "fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or

- Default or delinquency in interest or principal payments; or

- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

<u>The Group as lessee</u>

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NON-CURRENT ASSETS HELD FOR SALE - Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Building on leasehold land	-	Over the lease term
Machinery and equipment	-	5 to 12 years
Electrical installations and renovations	-	3 to 10 years
Furniture, fittings and office equipment	-	5 to 10 years
Computers	-	1 to 3 years
Motor vehicles	-	5 to 6 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS

<u>Intangible assets acquired in a business combination</u>

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The intangible assets pertain to customer relationships acquired through acquisitions in prior years. These intangible assets are amortised on a straight-line basis over their useful lives. Management has assessed the appropriate useful lives to be 5 to 10 years. The estimated useful lives and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants related to assets shall be presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the assets.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from maintenance of precision machinery and precision engineering works is recognised when services are rendered.

Management fee

Management fee is recognised when services are rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of joint control over a jointly controlled entity that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND BANK BALANCES IN THE STATEMENT OF CASH FLOWS - Cash and bank balances in the statement of cash flows comprise cash on hand and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

<u>Dismantlement, removal or restoration costs for property, plant and equipment (Note 11)</u>

The agreements with Jurong Town Corporation ("JTC") indicate that if JTC requires the Group to restore the buildings to its original condition, the Group is obligated to do so. The Group has assessed and determined that restoration cost is not required for two of its subsidiaries, JEP Precision Engineering Pte Ltd ("JEPS") and Dolphin Engineering Pte Ltd ("DEPL"), as based on the lease agreements with JTC, at the termination of lease agreements, JEPS and DEPL has to yield up the demised premises in good and tenantable condition. The Group has assessed the condition of the premises and concluded that it is not required to reinstate the premises and therefore has not provided for any cost of dismantlement, removal or restoration.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

<u>Impairment review of property, plant and equipment</u>

Where there are indications of impairment of its assets, the management estimates the recoverable amounts of these assets to determine the extent of the impairment loss, if any. The recoverable amounts of these assets are determined based on the higher of fair value less cost to sell and value-in-use. The carrying amounts of the property, plant and equipment of the Group and the Company at the end of the reporting period are disclosed in Note 11 to the financial statements.

Useful lives of property, plant and equipment

Management exercises their judgement in estimating the useful lives of the depreciable assets which takes into consideration the physical conditions of the assets and their useful lives. Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method. The carrying amounts of the property, plant and equipment of the Group and the Company at the end of the reporting period are disclosed in Note 11 to the financial statements.

Impairment review of goodwill

Goodwill arises from the Group's acquisition of Dolphin Engineering Pte Ltd ("DEPL"), JEP Precision Engineering Pte Ltd ("JEPS") and JEP Industrades Pte Ltd ("JEPI"). Goodwill is required to be tested annually for impairment or more frequently if there are indications that goodwill might be impaired. Value-in-use is estimated based on management's forecast of future cash flows discounted to present value using the pre-tax discount rate. Significant estimates and assumptions such as discount rate and terminal growth rate are required in determining value-in-use. The key assumptions of the impairment test, the sensitivity of changes in these assumptions to the risk of impairment and the carrying amount of the goodwill at the end of the reporting period are disclosed in Note 12 to the financial statements.

Allowance for inventories

Management reviews the aging analysis of inventories at the end of each reporting period, and makes allowance for inventory items that are identified as obsolete and slow-moving, which have a market price that is lower than its carrying amount. Management estimates the net realisable value for finished goods based primarily on the latest selling prices and current market conditions. The carrying amounts of inventories for the Group is disclosed in Note 9 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and bank balances), at amortised cost:				
- Cash and bank balances	6,234	8,028	2,046	3,001
- Trade and other receivables	22,518	18,288	6	–
- Amount due from subsidiaries	–	–	6,700	6,663
Total	28,752	26,316	8,752	9,664
Financial liabilities				
At amortised cost:				
- Bank loans	41,821	35,845	–	–
- Trade and other payables	16,295	20,599	272	378
- Amount due to subsidiaries	–	–	1,006	1,851
- Finance leases	7,556	1,951	–	–
- Contingent consideration	2,000	3,796	2,000	3,796
Total	67,672	62,191	3,278	6,025

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including the United States Dollar ("USD"), Japanese Yen ("JPY"), Chinese Yuan ("CNY") and Euro ("EUR") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
USD	16,114	14,448	16,426	11,389	–	–	977	7
JPY	9,351	3,968	1,435	1,307	–	–	–	–
CNY	–	–	4,127	3,984	–	–	–	–
EUR	27	65	54	254	–	–	–	–

Foreign currency sensitivity

The following table details the sensitivity to a 5% (2016: 5%) increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currencies strengthen by 5% (2016: 5%) against the functional currency of each group entity, profit or loss will increase (decrease) by:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Impact arising from				
USD	16	(153)	49	–
JPY	(396)	(133)	–	–
CNY	206	199	–	–
EUR	1	9	–	–

If the relevant foreign currencies weaken by 5% (2016: 5%) against the functional currency of each group entity, profit or loss will be vice versa.

(ii) Interest rate risk management

The Group has exposure to interest rate risk through the impact of floating interest rate on borrowings. The Group obtained financing through bank loans and the details of the Group's interest rate exposure are disclosed in Note 14.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the year ended December 31, 2017 would increase/decrease by $209,105 (2016: $179,225). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Company's profit before tax for the year ended December 31, 2017 would increase/decrease by $5,030 (2016: $9,255). This is mainly attributable to the Company's exposure to interest rates on its loan due to a subsidiary.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management regularly.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

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

	2017	2017	2016	2016
	$'000	% of total	$'000	% of total
By country:				
Singapore	7,944	39%	7,429	42%
People's Republic of China*	8,923	43%	7,547	43%
Malaysia	341	2%	779	4%
United States	1,482	8%	881	5%
United Kingdom	903	4%	–	–
Others**	1,025	4%	988	6%
	20,618	100%	17,624	100%
By industry sectors:				
Aerospace	8,091	39%	7,038	40%
Oil and gas	76	0%	684	4%
Electronics	864	4%	549	3%
Precision machining	11	0%	14	0%
Trading and others	6,061	30%	6,040	34%
Equipment manufacturing	5,515	27%	3,299	19%
	20,618	100%	17,624	100%

* People's Republic of China includes Hong Kong.
** Others include countries such as Canada, Switzerland, France, Norway, Middle East countries and Southeast Asia.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities or if they operate within the same industry. There is no significant concentration of credit risk except for 5 major customers amounting to $11,495,470 (2016: 3 major customers amounting to $6,520,880) that individually represented more than 5% of the Group's gross monetary assets. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The maximum amount the Company could be forced to settle under the financial guarantee contract in Note 31, if the full guaranteed amount is claimed by the counterparty to the guarantee is $49,240,432 (2016: $37,705,398). Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Further details of credit risks on trade and other receivables are disclosed in Note 7 to the financial statements.

(iv) Liquidity risk management

The Group finances its operations by a combination of bank borrowings and internally generated cash flows. The Group minimises liquidity risk by keeping committed credit lines available.

Liquidity and interest risk analyses

Non-derivative financial assets

The Group's non-derivative financial assets of $28,752,000 (2016: $26,316,000) are either repayable on demand or due within one year from the end of the reporting period, except for non-current other receivables amounting to $649,000. All the Group's non-derivative financial assets are non-interest bearing.

The Company's non-derivative financial assets of $8,752,000 (2016: $9,664,000) are either repayable on demand or due within one year from the end of the reporting period and non-interest bearing other than the amount from subsidiaries (Note 8).

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate % p.a.	On Demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2017						
Non-interest bearing	–	18,295	–	–	–	18,295
Finance lease liabilities (fixed rate)	3.12%	2,052	5,970	47	(513)	7,556
Variable interest rate instruments	2.92%	15,228	11,164	20,067	(4,638)	41,821
		35,575	17,134	20,114	(5,151)	67,672
2016						
Non-interest bearing	–	22,657	1,942	–	(204)	24,395
Finance lease liabilities (fixed rate)	3.50%	856	1,196	–	(101)	1,951
Variable interest rate instruments	2.92%	12,711	12,306	14,347	(3,519)	35,845
		36,224	15,444	14,347	(3,824)	62,191
Company						
2017						
Non-interest bearing	–	2,272	–	–	–	2,272
Amount due to subsidiaries	5.00%	1,057	–	–	(51)	1,006
		3,329	–	–	(51)	3,278
2016						
Non-interest bearing	–	2,436	1,942	–	(204)	4,174
Amount due to a subsidiary	5.32%	1,000	1,000	–	(149)	1,851
		3,436	2,942	–	(353)	6,025

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of the other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements as follows:

Financial instruments measured at fair value

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group				
2017				
Financial liabilities				
Contingent consideration in relation to acquisition of JEPI	–	–	2,000	2,000
2016				
Financial liabilities				
Contingent consideration in relation to acquisition of JEPI	–	–	3,796	3,796

The valuation technique used for instruments categorised in Level 3 for the Group is disclosed in Note 18.

(c) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of debt, which includes the bank loans and finance leases as disclosed in Notes 14 and 17 to the financial statements respectively and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings. The Group is required to maintain the required gearing in order to comply with covenants in loan agreements with banks and financial institutions.

Management also ensures that the Group maintains certain security ratios of outstanding term loans over the value of the properties in order to comply with the loan covenants imposed by banks and financial institutions.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions as follows:

	Group	
	2017	2016
	$'000	$'000
Subsidiary of the non-controlling shareholder		
Sale of goods	6,729	8,540
Purchases of goods	228	412

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2017	2016
	$'000	$'000
Short-term benefits	1,973	1,629
Post-employment benefits	95	88
	2,068	1,717

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash on hand	8	8	1	1
Cash at banks	6,188	7,982	2,045	3,000
Cash and bank balances in the statements of financial position	6,196	7,990	2,046	3,001
Add: Cash and bank balances included in a disposal group held-for-sale	38	38	–	–
Cash and bank balances in the statement of cash flows	6,234	8,028	2,046	3,001

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables				
- related parties	705	900	–	–
- outside parties	19,967	16,788	–	–
	20,672	17,688	–	–
Less: Allowance for doubtful debts	(54)	(64)	–	–
Net trade receivables	20,618	17,624	–	–
Other receivables				
Deposits	159	200	6	–
Advance payment to suppliers	479	5	–	–
Downpayment to suppliers of property, plant and equipment	374	1,163	–	–
Prepayments	201	363	13	12
GST input tax	1,329	1,341	–	–
Recoverable from customer	–	39	–	–
Government grant	1,675	–	–	–
Other receivables	66	425	–	–
	4,283	3,536	19	12
Total trade and other receivables	24,901	21,160	19	12
Less: Non-current portion Government grant	(649)	–	–	–
Trade and other receivables presented as current assets	24,252	21,160	19	12

The average credit period on sale of goods is 30 to 180 days (2016: 30 to 180 days). No interest is charged on the overdue trade receivables. Trade receivables amounting to $2,056,000 (2016: $2,513,000) are assigned to secure the factoring loan facilities (Note 14).

Included in the Group's trade receivables balance are debtors with a carrying amount of $3,958,000 (2016: $4,625,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

An allowance has been made for estimated irrecoverable amounts from outside parties of $54,000 (2016: $64,000). This allowance has been determined by reference to past default experience. The impairment recognised represents the difference between the carrying amount of the specific trade receivable and expected proceeds. The Group does not hold any collateral over these balances.

The table below is an analysis of trade receivables as at December 31:

	Group	
	2017	2016
	$'000	$'000
Not past due and not impaired	16,660	12,999
Past due but not impaired	3,958	4,625
	20,618	17,624

Aging of receivables that are past due but not impaired:

	Group	
	2017	2016
	$'000	$'000
Less than 30 days	3,117	2,783
31 to 60 days	586	1,128
61 to 90 days	72	312
More than 90 days	183	402
	3,958	4,625

Movement in the allowance for doubtful debts as at December 31:

	Group	
	2017	2016
	$'000	$'000
Balance at beginning of the year	64	64
Increase in allowance recognised in profit or loss	9	21
Amounts written off during the year	(19)	(21)
Balance at end of the year	54	64

8 AMOUNT DUE FROM SUBSIDIARIES

	Group	
	2017	2016
	$'000	$'000
Current assets		
Loan to subsidiary (Note A)	1,700	1,450
Amount due from subsidiary	–	213
	1,700	1,663
Non-current assets		
Loan to subsidiary (Note B)	5,000	5,000
Total amount due from subsidiary	6,700	6,663

Note A
This loan to a subsidiary is unsecured and repayable on demand.

Note B
This loan is being extended to the subsidiary to fund the construction of its building. The loan is unsecured and carries interest at 1.5% plus the bank's Cost of Fund per annum ("COF") (2016: 1.75%+COF). Repayments will commence on January 1, 2020 and will continue until March 1, 2026. In respect of the interest-bearing amount made to a subsidiary, in the current reporting period, the interest rate charged range from 2.73% to 2.89% (2016: 2.64% to 3.19%) per annum. The carrying amount of the loan approximates its fair value.

9 INVENTORIES

	Group	
	2017	2016
	$'000	$'000
Raw materials	2,309	1,809
Work-in-progress	6,812	5,136
Finished goods	3,707	4,300
Consumables	1,165	1,144
Goods-in-transit	197	2,098
	14,190	14,487
Less: Allowance for inventory	(415)	(450)
	13,775	14,037
Cost of inventories included in cost of sales	49,700	41,735

Movement in the allowance for inventory:

	Group	
	2017	2016
	$'000	$'000
Balance at beginning of the year	450	–
(Decrease) Increase in allowance recognised in profit or loss	(35)	450
Balance at end of the year	415	450

10 ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On August 5, 2013, the Company announced the decision of its Board of Directors to dissolve and liquidate the subsidiary, JEP Precision Engineering Co., Ltd ("JEPT"), which is 99.99% owned by JEP Precision Engineering Pte Ltd ("JEPS"). JEPS is 85% owned by the Company. Pending completion of the dissolution and liquidation process, JEPT will remain as a subsidiary company within the Group.

For the financial years ended from December 31, 2013 to 2017, the assets and liabilities related to JEPT had been presented in the consolidated statements of financial position as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale". The liquidation process of JEPT commenced in February 2015. Upon completion of the dissolution and liquidation, JEPT will then cease to be a subsidiary of the Company.

Statements of financial position disclosures

The major classes of assets and liabilities of JEPT classified as held for sale are as follows:

	Group	
	2017	2016
	$'000	$'000
Assets		
Cash and bank balances	38	38
Assets of disposal group classified as held for sale	38	38
Liabilities		
Liabilities directly associated with disposal group classified as held for sale	–	–
Net assets directly associated with disposal group classified as held for sale	38	38

11 PROPERTY, PLANT AND EQUIPMENT

Group	Building on leasehold land $'000	Machinery and equipment $'000	Electrical installations and renovations $'000	Furniture, fittings and office equipment $'000	Computers $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Cost:								
At January 1, 2016								
Additions	8,537	46,314	2,383	660	878	509	3,475	62,756
Disposals	17,404	3,098	2,702	500	285	70	–	24,059
Written off	–	(1,287)	–	(7)	*	–	–	(1,294)
Reclassification	(8)	(217)	–	–	(43)	–	–	(268)
At December 31, 2016	2,992	483	–	–	–	–	(3,475)	–
Additions	28,925	48,391	5,085	1,153	1,120	579	–	85,253
Disposals	198	7,746	197	207	457	96	–	8,901
Written off	–	(2,437)	–	–	–	(87)	–	(2,524)
At December 31, 2017	–	(640)	(1,434)	(435)	(116)	–	–	(2,625)
	29,123	53,060	3,848	925	1,461	588	–	89,005
Accumulated depreciation:								
At January 1, 2016	849	28,146	1,690	540	698	285	–	32,208
Depreciation for the year	378	2,827	211	45	183	56	–	3,700
Disposals	–	(1,248)	–	(4)	(1)	–	–	(1,253)
Written off	*	(217)	–	–	(42)	–	–	(259)
At December 31, 2016	1,227	29,508	1,901	581	838	341	–	34,396
Depreciation for the year	985	3,579	506	151	214	83	–	5,518
Disposals	–	(2,298)	–	–	–	(87)	–	(2,385)
Written off	–	(601)	(1,434)	(429)	(116)	–	–	(2,580)
At December 31, 2017	2,212	30,188	973	303	936	337	–	34,949
Carrying amount:								
At December 31, 2017	26,911	22,872	2,875	622	525	251	–	54,056
At December 31, 2016	27,698	18,883	3,184	572	282	238	–	50,857

* Denotes amount less than $1,000

Company	Furniture, fittings and office equipment $'000	Computers $'000	Total $'000
Cost:			
Balance as at January 1, 2016 and December 31, 2016	73	91	164
Additions	–	23	23
Written off	(68)	(55)	(123)
At December 31, 2017	5	59	64
Accumulated depreciation:			
At January 1, 2016	68	91	159
Depreciation for the year	5	*	5
At December 31, 2016	73	91	164
Depreciation for the year	–	1	1
Written off	(68)	(55)	(123)
At December 31, 2017	5	37	42
Carrying amount:			
At December 31, 2017	–	22	22
At December 31, 2016	–	–	–

* Denotes amount less than $1,000

Leased property, plant and equipment

As at December 31, 2017, the net carrying amount of machinery and equipment and motor vehicles under finance lease of the Group amounted to $10,020,000 (2016: $2,850,000) and $189,700 (2016: $154,000) respectively (Note 17).

As at December 31, 2017, the properties on leasehold land comprise:

Location	Description	Tenure	Carrying amount 2017 $'000	Carrying amount 2016 $'000
No. 16 Seletar Aerospace Crescent Singapore 797567	Leasehold land with an elected 4-storey single-user industrial development factory	30 years commencing February 1, 2015	19,859	20,391
No. 2 Loyang Way 4 Singapore 507098	Leasehold land with an elected single-storey factory with a mezzanine level and a single-storey rear extension	30 years commencing June 1, 2007	3,976	4,181
	Leasehold land with an elected 4-storey factory building with provision of secondary workers' dormitory	23 years 10 months commencing August 1, 2013	3,076	3,126
			26,911	27,698

Security

As at December 31, 2017, the Group's factory buildings and machinery with carrying amounts of $26,911,000 (2016: $27,698,000) and $5,315,000 (2016: $6,016,000) are pledged as security to certain banking facilities granted to the Group (Note 14).

12 INTANGIBLE ASSETS

Group	Goodwill on consolidation $'000	Customer relationship $'000	Total $'000
Cost:			
Balance as at January 1, 2016, December 31, 2016 and December 31, 2017	18,812	12,915	31,727
Accumulated amortisation:			
At January 1, 2016	–	10,731	10,731
Amortisation for the year	–	973	973
At December 31, 2016	–	11,704	11,704
Amortisation for the year	–	761	761
At December 31, 2017	–	12,465	12,465
Impairment:			
Balance as at January 1, 2016, December 31, 2016 and December 31, 2017	1,270	–	1,270
Carrying amount:			
Balance as at December 31, 2017	17,542	450	17,992
Balance as at December 31, 2016	17,542	1,211	18,753

(a) Goodwill on consolidation

Impairment tests for goodwill

The aggregate carrying amount of goodwill is allocated to the Group's cash-generating units ("CGU") identified as follows:

	Group 2017 $'000	Group 2016 $'000
Precision machining	11,450	11,450
Trading and others	814	814
Equipment manufacturing	5,278	5,278
	17,542	17,542

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and thereafter budget a perpetual growth rate of 2% (2016: 1.9% to 2.1%). This rate does not exceed the average long term growth rate for the relevant markets.

The rate used to discount the forecast cash flows is as follows:

	2017			2016		
	Precision machining	Trading and others	Equipment manufacturing	Precision machining	Trading and others	Equipment manufacturing
Group	%	%	%	%	%	%
Discount rate	9.5	13.1	13.0	12.2	13.4	13.2

As at December 31, 2017, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

(b) Customer relationship

JEP Precision Engineering Pte Ltd

This relates to customer relationship arising from the acquisition of JEP Precision Engineering Pte Ltd and its subsidiary. The amortisation of customer relationship has been fully amortised in the current reporting period and is included in the “Administrative expenses” line item in the consolidated statement of profit or loss and other comprehensive income.

JEP Industrades Pte Ltd

This relates to customer relationship arising from the acquisition of JEP Industrades Pte Ltd. The remaining amortisation period of the customer is 4 years (2016: 5 years). The amortisation of customer relationship is included in the “Administrative expenses” line item in the consolidated statement of profit or loss and other comprehensive income. In the opinion of the directors of the Group, there is no indication that the recorded book value cannot be recovered from the business operations in the future periods.

13 SUBSIDIARIES

	Company 2017 $'000	Company 2016 $'000
Unquoted equity investments, at cost	50,637	50,637

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting rights held by the Group 2017 %	2016 %	Principal activities
Held by the Company				
JEP Precision Engineering Pte Ltd [(1)]	Singapore	85	85	Precision engineering works for parts used mainly in the aerospace, oil and gas industries, and other general engineering and machinery works.
JEP Industrades PteLtd [(1)]	Singapore	100	100	Manufacturer, importers and exporters, traders, agents, repairs of precision machineries, carbide cutting tools, hardware, industrial equipment and engineering works.
Dolphin Engineering Pte Ltd [(1)]	Singapore	100	100	Large format precision engineering and equipment fabrication service.
JEP China Holdings Pte. Ltd. [(2)]	Singapore	100	–	Investment holding
Held through a subsidiary				
JEP Precision Engineering Co., Ltd [(3)(4)]	Thailand	85	85	Under liquidation (ceased operations in July 2013).

(1) Audited by Deloitte & Touche LLP, Singapore in 2017 and Foo Kon Tan LLP, Singapore in 2016.

(2) Incorporated during the financial year. Not audited by Deloitte & Touche LLP, Singapore, as management is of the opinion that the results of the subsidiary is insignificant during the year.

(3) The subsidiary had ceased operations on July 31, 2013 and had been classified as disposal group held for sale since 2013. The liquidation process of JEPT commenced in February 2015. Accordingly, no audit has been carried out.

(4) Effectively owned 99.99% (2016: 99.99%) by JEP Precision Engineering Pte Ltd which excludes nominee shareholding.

Non-controlling interests

The following subsidiary has non-controlling interests ("NCI") that are material to the Group:

Name of subsidiary	Country of incorporation (or residence)	Loss allocated to non-controlling interest		Accumulated non-controlling interest	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Held by the Company					
JEP Precision Engineering Pte Ltd	Singapore	(642)	(339)	1,600	2,242

The following summarises the financial position and financial results of JEPS. The financial information presented below represents amounts before inter-company eliminations with other companies within the Group.

Summarised statement of financial position

	Group	
	2017	2016
	$'000	$'000
Non-current assets	45,808	42,800
Current asset	23,681	24,877
Non-current liabilities	(32,142)	(23,126)
Current liabilities	(26,419)	(29,384)
Net assets	10,928	15,167

Summarised statement of profit or loss and other comprehensive income

	Group	
	2017	2016
	$'000	$'000
Revenue	49,214	44,049
Expenses	(53,453)	(46,226)
Loss and total comprehensive expense for the year	(4,239)	(2,177)

Summarised statement of cash flows

	Group	
	2017	2016
	$'000	$'000
Net cash inflow (outflow) from operating activities	680	(1,773)
Net cash outflow from investing activities	(9,263)	(18,698)
Net cash inflow from financing activities	6,824	22,696
Net cash (outflow) inflow	(1,759)	2,225

14 BANK LOANS

	Group 2017	Group 2016
	$'000	$'000
Secured – at amortised cost:		
Term loan	30,009	25,069
Construction loan	1,283	1,523
Accounts receivable factoring (Note A)	2,056	2,513
Trust receipts	8,473	6,740
	41,821	35,845
Less: Amount due for settlement within 12 months (shown under current liabilities)	(14,323)	(11,996)
Amount due for settlement after 12 months	27,498	23,849

Note A

The accounts receivable factoring with recourse relates to credit facilities granted by the financial institution for approved trade receivables.

Terms and conditions of outstanding borrowings are as follow:

			2017		2016	
	Currency	Nominal interest rate	Principal amount	Carrying amount	Principal amount	Carrying amount
Group		%	$'000	$'000	$'000	$'000
Secured						
4-year term loan	SGD	COF[1]+1.75%	3,140	1,962	3,140	2,747
Seletar Aerospace Park (SAP) term loan	SGD	COF[1]+1.75%	20,000	19,495	20,000	13,128
10-year term loan	SGD	COF[1]+1.50%	4,000	3,312	4,000	3,578
15-year term loan	SGD	COF[1]+1.50%	6,400	5,240	6,400	5,616
Construction loan	SGD	COF[1]+1.50%	2,100	1,283	2,100	1,523
Accounts receivable factoring	USD	COF[1]+1.75%	2,056	2,056	2,513	2,513
Trust receipts	USD	COF[1]+2.00%	8,473	8,473	6,740	6,740
			46,169	41,821	44,893	35,845

[1] COF refers to bank's cost of fund for interest period of 1, 2 or 3 months.

The weighted average effective interest rates of total borrowings at the end of the reporting period are as follows:

	Group 2017	Group 2016
4-year term loan	2.90%	2.60%
SAP term loan	2.90%	2.61%
10-year term loan	2.65%	2.74%
15-year term loan	2.65%	2.62%
Construction loan	2.65%	2.97%
Accounts receivable factoring	3.54%	2.94%
Trust receipt	3.13%	2.78%

(a) A 4-year term loan was granted to a subsidiary in 2016. The secured term loan granted to the subsidiary is repayable by 16 quarterly instalments of amount $196,000 each.

(b) A term loan was granted to a subsidiary in 2015 for the construction of Seletar Aerospace Park building. The secured tem loan granted to the subsidiary is repayable over 83 fixed monthly principal instalments of $98,000 and a final principal instalment of $11,361,000.

(c) A 10-year term loan was granted to a subsidiary in 2015. The secured term loan granted to the subsidiary is repayable over 119 monthly principal instalments of $22,200 each and a final fixed principal instalment of $1,358,200.

(d) The 15-year secured term loan granted to a subsidiary in 2014 is repayable over 180 monthly instalments over a period of 15 years.

(e) The secured 5-year construction loan granted to a subsidiary by a bank in 2015 is repayable over 47 monthly principal instalments of $20,000 each and a final lump sum of $1,063,000 repayable on December 31, 2018.

(f) The factored receivables is repayable on February 23, 2018 (2016: January 20, 2017).

(g) The secured trust receipts granted to a subsidiary by a bank is repayable on various dates between January 2, 2018 (2016: January 3, 2017), being the earliest date and June 4, 2018 (2016: May 23, 2017), being the latest date.

Secured term loans

The SAP term loan, 10-year, 15-year secured term loans and construction loan are secured over buildings on leasehold land with carrying amount of $26,911,000 (2016: $27,698,000).

The 4-year secured term loan is secured over machinery and equipment with carrying amount of $5,315,000 (2016: $ 6,016,000).

Secured bank facilities

The accounts receivable factoring and trust receipts are secured by a corporate guarantee provided by the Company (Note 31).

The Group has financial covenants attached to the above term loans and facilities which relates to restriction of limits imposed on the maintenance of the Group's certain ratios. As at the end of the reporting period, the Group has observed these financial covenants accordingly.

Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	January 1, 2017	Financing cash flow [i]	Proceeds from bank loans	New finance leases	Others	December 31, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Bank Loans (Note 14)	35,845	(8,863)	14,839	–	–	41,821
Finance leases (Note 17)	1,951	(1,263)	–	7,135	(267)	7,556
	37,796	(10,126)	14,839	7,135	(267)	49,377

[i] The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade payables				
Outside parties	10,707	8,298	–	–
	10,707	8,298	–	–
Other payables				
Outside parties	1,325	680	7	69
Liability owing to suppliers of property, plant and equipment and contractor of building	974	8,240	5	–
Accrued personnel costs	1,635	1,297	203	204
Other accrued operating expenses	1,101	757	57	105
Accruals for purchases	297	1,092	–	–
GST output tax	171	68	12	14
Deferred income	–	432	–	–
Deposits received	136	145	–	–
Provision for directors' fees	120	90	–	–
	5,759	12,801	284	392
	16,466	21,099	284	392

Deferred income

	Group	
	2017	2016
	$'000	$'000
Cost:		
Balance at beginning and at end of the year	3,300	3,300
Accumulated amortisation:		
Balance at beginning of the year	2,868	2,397
Amortisation for the year	432	471
Balance at end of the year	3,300	2,868
Net carrying amount	–	432

Deferred income relates to the sale and leaseback transaction for leasehold factory building located at 44 and 46 Changi South Street 1 carried out in the financial year 2010 entered by the subsidiary, JEP Precision Engineering Pte Ltd, where sales proceeds over fair value is amortised over the lease term of seven years.

16 AMOUNT DUE TO SUBSIDIARIES

	Company	
	2017	2016
	$'000	$'000
Loan from a subsidiary (Note A)	950	1,851
Amount due to a subsidiary (non-trade)	56	–
	1,006	1,851
Less: Non-current portion		
Amount due to subsidiaries	–	(950)
Amount due to subsidiaries presented as current liabilities	1,006	901

Note A

Loan from a subsidiary are unsecured with repayment of $1,000,000 annually and is interest free. The carrying amount of the loan is $ 1,000,000 (2016: $2,000,000) and the fair value of the financial liability has been estimated using discounted cash flow approach, which discounts the contractual cash flows using an interest rate of 5.00%. per annum (2016: 5.32% per annum).

17 FINANCE LEASES

Finance lease liabilities are payable as follows:

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Amounts payable under finance leases:				
Within one year	2,052	856	1,850	803
In the second to fifth years inclusive	5,970	1,196	5,660	1,148
After five years	47	–	46	–
	8,069	2,052	7,556	1,951
Less: Future finance charges	(513)	(101)	N/A	N/A
Present value of lease obligations	7,556	1,951	7,556	1,951
Less: Amount due for settlement within 12 months (shown under current liabilities)				
Amount due for settlement after 12 months			(1,850)	(803)
			5,706	1,148

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 4 to 5 years. In 2017, the average effective borrowing rate was 1.4% to 5.8% per annum (2016: 2.8% to 5.8% per annum). Interest rates are fixed at the contract date, and thus exposing the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets (Note 11) and a corporate guarantee by the Company.

18 CONTINGENT CONSIDERATION AND PROVISION

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Contingent consideration (Note A)	2,000	3,796	2,000	3,796
Provision for restoration cost (Note B)	–	292	–	–
	2,000	4,088	2,000	3,796
Less: Non-current portion				
Contingent consideration	–	(1,791)	–	(1,791)
Contingent consideration and provision presented as current liabilities	2,000	2,297	2,000	2,005
Movement of provision for restoration cost:				
Balance at beginning of the year	292	285	–	–
Utilisation of provision	(300)	–	–	–
Unwinding of discount	8	7	–	–
Balance at end of the year	–	292	–	–

Note A

As part of the purchase agreement with the previous owners of JEP Industrades Pte Ltd ("JEPI") in 2015, an additional cash consideration has been agreed. The additional cash consideration shall be due to the previous owners of JEPI, based on the performance of JEPI in respect of each financial year ("FY") specified below:

(a) Additional cash consideration for each financial year 2016, 2017 and 2018 shall be based on the actual net profit after tax ("NPAT') for the relevant financial year based on the audited financial statements, up to a cumulative maximum amount of $4,000,000 for the three financial years, provided, inter alia, that the Company shall first receive from JEPI an aggregate of $1,000,000 in dividends before any additional cash consideration is paid to the previous owners of JEPI; and

(b) The additional cash consideration shall be paid not later than 1 month after the relevant audited financial statements of JEPI for the relevant financial year have been issued.

Note B

In 2016, the fair value of the provision for restoration cost was estimated using discounted cash flow approach, which discounted the contractual cash flows using a discounted rate of 2.72% per annum.

19 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and the Company, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation	Fair value adjustment on acquisitions of subsidiaries	Provisions and others	Tax losses	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Balance as at January 1, 2016	1,665	404	(23)	(357)	1,689
Credited to profit or loss (Note 25)	(676)	(163)	(95)	–	(934)
Balance as at December 31, 2016	989	241	(118)	(357)	755
(Credited) Charged to profit or loss (Note 25)	(539)	(158)	65	195	(437)
Balance as at December 31, 2017	450	83	(53)	(162)	318
Company					
Balance as at January 1 and December 31, 2016	–	–	–	(357)	(357)
Charged to profit or loss	2	–	–	195	197
Balance as at December 31, 2017	2	–	–	(162)	(160)

Certain deferred tax liabilities and assets have been offset in accordance with the Group's and Company's accounting policy. The following is the analysis of the deferred tax balances for statement of financial position purposes:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax liabilities	478	1,112	–	–
Deferred tax assets	(160)	(357)	(160)	(357)
	318	755	(160)	(357)

20 SHARE CAPITAL

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		$'000	$'000
Issued and paid-up:				
At the beginning of the year	1,453,757,871	1,048,973,266	45,186	37,834
Issued for cash	1,600,600	404,784,605	32	7,473
Share issuance expense	–	–	–	(121)
At the end of the year	1,455,358,471	1,453,757,871	45,218	45,186

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

Issue of ordinary shares

In 2016, the Company issued 404,784,605 new ordinary shares in the capital of the Company at $0.020 each and 202,392,299 free detachable warrants ("Rights cum Warrants Issue"). Each warrant carries a right to subscribe to one new ordinary share at an exercise price of $0.020, exercisable during a three year period from the date of issue. The warrants will expire on December 22, 2019.

During the current reporting period, 1,600,600 warrants were exercised at $0.020 pursuant to the Rights cum Warrants Issue. As at December 31, 2017, there were outstanding warrants of 200,791,699 (2016: 202,392,299) for conversion into ordinary shares.

21 RESERVES

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Warrants reserve	618	623	618	623
Capital reserve	252	247	252	247
Translation reserve	(194)	(194)	–	–
	676	676	870	870

Warrants reserve

The warrants reserve represents the assigned fair value of the warrants issued by the Company, net of issue expenses. Each warrant carries the right to subscribe to one new ordinary share at an exercise price of $0.020 for each new share within the period disclosed in Note 20 above. As and when the warrants are exercised, the related balance is transferred to the share capital account. At the expiry of the warrants, the balance in the warrants reserve will be transferred to retained earnings.

Capital reserve

The capital reserve pertained to a gain on reissuance of treasury shares in 2012. Capital reserve is non-distributable.

Translation reserve

The translation reserve comprises the foreign currency differences arising from the translation of the financial statements of foreign operations.

22 REVENUE

	Group	
	2017	2016
	$'000	$'000
Sale of goods	76,487	57,348
Provision of services	9,606	14,586
	86,093	71,934

23 OTHER OPERATING INCOME

	Group	
	2017	2016
	$'000	$'000
Gain on disposal of property, plant and equipment	276	175
Amortisation of gain on sales and leaseback	496	529
Government grant	339	384
Sales of scrap waste metal	24	21
Dormitory occupancy fee	523	523
Foreign exchange gain	134	67
Rental income	7	49
Interest income	7	1
Bad debts recovered	35	–
Penalty income	275	–
Others	18	22
	2,134	1,771

24 FINANCE COSTS

	Group	
	2017	2016
	$'000	$'000
Interest expense:		
- bank term loans	1,096	561
- finance leases	110	168
- bank overdraft	10	15
Unwinding of discount:		
- provision of restoration cost	8	7
- contingent consideration	203	233
	1,427	984

25 INCOME TAX

	Group	
	2017	2016
	$'000	$'000
Underprovision for current tax in prior years	–	13
Underprovision for deferred tax in prior years	541	34
Deferred tax benefit	(978)	(1,019)
Income tax benefit for the year	(437)	(972)

Domestic income tax is calculated at 17% (2016: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total tax charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2017	2016
	$'000	$'000
Loss before tax	(254)	(1,157)
Income tax benefit at statutory rate	(43)	(197)
Effect of expenses that are not deductible for tax purpose	412	956
Effect of tax exempt income	(351)	(620)
Effect of tax incentives	(1,042)	(840)
Underprovision for current tax in prior years	–	13
Underprovision for deferred tax in prior years	541	34
Benefits from previously unrecognised tax losses	–	(227)
Others	46	(91)
Total income tax benefit	(437)	(972)

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of $953,000 (2016: $2,100,000) available for offset against future profits. A deferred tax asset of $162,000 (2016: $357,000) has been recognised in respect of such losses.

The realisation of the future income tax benefits from tax losses carry forward is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

26 PROFIT (LOSS) FOR THE YEAR

Profit (loss) before tax has been arrived at after charging (crediting):

	Group	
	2017	2016
	$'000	$'000
Allowance for doubtful debts	9	21
Amortisation of intangible assets	761	973
Amortisation of gain on sales and leaseback	(496)	(529)
Depreciation of property, plant and equipment	5,518	3,700
Property, plant and equipment written off	45	9
Foreign exchange (gain) loss	(134)	643
Gain on disposal of property, plant and equipment	(276)	(175)
(Reversal of) Provision for inventory obsolescence	(35)	450
Inventories written off	–	344
Directors' remuneration:		
- of the company	190	190
- of the subsidiaries	90	80
Employee benefits expense (including directors' remuneration)	17,173	14,923
Audit fees paid/payable to auditors of the company	150	176
Non-audit fees paid/payable to auditors of the company	23	20

Employee benefit expenses for the year was included in the following line items of the profit and loss:

	Group	
	2017	2016
	$'000	$'000
Employee benefit costs charged to:		
Cost of sales	12,700	10,713
Selling and distribution expenses	1,593	1,808
Administrative expenses	2,880	2,402
	17,173	14,923

27 DIVIDENDS

On April 27, 2017, a final dividend of 0.03 cents per share (total dividends of $436,000) was paid to shareholders in respect of previous financial year.

28 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the profit for the year 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 reflects the income and share data used in the basic and diluted earnings per share computation for the financial year ended December 31:

	Group	
	2017	2016
Profit for the year attributable to owners of the Company	$825,000	$154,000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,454,382,653	1,057,845,257
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,656,150,170	1,062,281,253

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the date of these financial statements.

29 CAPITAL COMMITMENTS

	Group	
	2017	2016
	$'000	$'000
Commitments for the acquisition of property, plant and equipment	1,040	6,263

30 OPERATING LEASE COMMITMENTS

The Group as lessee

	Group	
	2017	2016
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense during the year	2,344	2,668

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2017	2016
	$'000	$'000
Within one year	496	2,686
In the second to fifth years inclusive	1,962	2,081
After five years	8,029	9,882
	10,487	14,649

Operating lease payments represent rentals payable by the Group for certain of its rental of office premises, factory space and office equipment. Leases are negotiated for an average term of 2 to 30 years (2016: 2 to 30 years) with an option to renew the lease at market rate.

The Group as lessor

At the end of the reporting period, the Group had the following rental income and occupancy fee income under non-cancellable lease for office space and dormitory with term of more than one year:

	Group	
	2017	2016
	$'000	$'000
Not later than one year	392	523
Later than one year and not later than five years	–	392
	392	915

The lease on the Group's dormitory on which occupancy fee is received will expire on September 30, 2018, with renewal at the prevailing rates then.

31 CORPORATE GUARANTEES

Intra-group financial guarantee comprises a guarantee given by the Company to a bank in respect of banking and hire purchase facilities amounting to $64,628,000 (2016: $61,090,000) granted to its subsidiaries. The fair value of the corporate guarantees were assessed by management to be insignificant as the banking and hire purchase facilities were secured by property, plant and equipment.

32 SEGMENT INFORMATION

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable operating segments under FRS 108 are as follows:

1. The precision machining segment is a provider of precision machining services for aerospace, oil and gas, electronics and automotive industry.
2. The trading and other segment is a provider of machine sales and customised cutting tools for our customers.
3. The equipment manufacturing segment is a provider of large format precision engineering and equipment fabrication service.

Except as indicated above, no operating segments have been aggregated to form the above operating segment.

Management monitors the operating results of its reporting segments for the purpose of making decisions in order to assess the respective reporting segments' performances. This is evaluated based on operating profit or loss which in certain respects, as explained in the table below and is measured differently from operating profit or loss in the consolidated statement of profit or loss and other comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to reporting units.

Allocation basis and transfer pricing

Segment results include items directly attributable to reporting segments as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other operating income and expenses, financial income and expenses and income tax expense.

The allocation of the Group assets and liabilities as well as the revenues and profits and other material reporting segments item thereon attributable to individual reporting segments is not presented as the information is not provided to the chief operating decision maker.

Transfer prices between reporting segments are at terms agreed between the parties.

(a) By business

	Precision machining		Trading and others		Equipment manufacturing		Group	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE:								
External customers	49,215	44,048	21,985	21,951	17,715	9,992	88,915	75,991
Inter-reporting unit sales	(594)	(131)	(2,005)	(3,463)	(223)	(463)	(2,822)	(4,057)
Total revenue	48,621	43,917	19,980	18,488	17,492	9,529	86,093	71,934
Results								
Segment results	(4,100)	(2,459)	2,502	1,893	3,544	1,231	1,946	665
Unallocated expenses:								
Unallocated corporate expenses							(773)	(838)
							1,173	(173)
Finance costs							(1,427)	(984)
Loss before tax							(254)	(1,157)
Income tax credit							437	972
Net Profit (loss) for the year, net of tax							183	(185)
Other information:								
Capital expenditure	7,442	23,600	109	38	1,350	421	8,901	24,059
Depreciation of property, plant and equipment	4,749	2,775	61	51	708	874	5,518	3,700
Amortisation of intangible assets	638	850	123	123	–	–	761	973

(b) Geographical information

Revenue is based on the location of customers regardless of where the goods are produced. Non-current assets are based on the location of those assets.

Group	Revenue		Non-current assets	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore	35,881	29,787	72,745	69,610
People's Republic of China*	35,578	31,559	–	–
Malaysia	1,276	3,556	–	–
USA	6,308	3,946	–	–
United Kingdom	2,044	–	–	–
Others**	5,006	3,086	–	–
	86,093	71,934	72,745	69,610

The following table shows the carrying amount of the segment assets and segment liabilities by geographical areas in which the assets and liabilities are located:

Group	Segment assets		Segment liabilities	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore	115,639	111,456	67,672	62,964
Others**	38	38	–	–
	115,677	111,494	67,672	62,964

* People's Republic of China includes Hong Kong.

** Others include countries such as Canada, Switzerland, France, Norway, Middle East countries and Southeast Asia.

(c) Reconciliation of segments total assets and total liabilities

	Group	
	2017	2016
	$'000	$'000
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets	115,677	111,494
GST input tax	1,329	1,341
Deferred tax assets	160	357
Total assets	117,166	113,192
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Segment liabilities	67,672	62,946
GST output tax	171	68
Deferred tax liabilities	478	1,112
Total liabilities	68,321	64,126

Aggregation of business operating segments

In the current year, the Group has aggregated its existing Aerospace, Oil and gas and Electronics business operating segments into Precision Engineering operating segments. This operating segments exhibit similar long term financial performances and have similar economic characteristics, where the nature of their productions, distribution method, products and services serve with similar purposes and are provided to the same end users.

Information about major customers

Revenue from transactions with two external customers amounting to $30,194,000 (2016: three external customers amounting to $34,287,000), where each individual external customer contributes to 10% or more of the Group's revenue.

33 EVENTS AFTER THE REPORTING PERIOD

On January 24, 2018, a subsidiary of the Group has incorporated a joint venture company with Kun Shan Hang Fu Investment Co., Ltd in the People's Republic of China. The principal business of the joint venture company is to be a solution provider of precision machining and engineering services, with a primary focus on the aerospace industry, which is in line with the existing core business of the Group.

34 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the consolidated statement of cash flow and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The material reclassification were as follows:

	Group 2017	
	Previously reported	After reclassification
	$'000	$'000
Consolidated statement of cash flows		
Purchase of property, plant and equipment	(5,871)	(18,957)
Repayments of finance lease	(1,844)	(4,856)
Proceeds from bank loans	9,075	25,521

Statistics of **Shareholdings**
as at 23 March 2018

SHARE CAPITAL

Issued and fully paid up capital	:	S$46,155,947
Numbers of shares	:	1,502,271,708
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	9	0.35	291	0.00
100 - 999	108	4.21	84,101	0.00
1,000 - 10,000	346	13.49	2,792,058	0.19
10,001 - 1,000,000	2,015	78.56	287,524,480	19.14
1,000,001 AND ABOVE	87	3.39	1,211,870,778	80.67
TOTAL	**2,565**	**100.00**	**1,502,271,708**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHARES	%
Andy Luong[(1)]	–	–	429,864,300	28.6
UMS Holdings Limited[(1)]	429,864,300	28.6	–	–
Zee Hoong Huay[(2)]	156,384,650	10.4	25,604,000	1.7
Ellipsiz Ltd[(3)]	175,364,808	11.7	–	–
Bevrian Pte.Ltd[(3)]	–	–	175,364,808	11.7
David Lum Kok Seng[(3)]	–	–	175,364,808	11.7
Joe Lau[(4)]	27,171,662	1.8	52,500,000	3.5

Notes:

(1) Mr. Luong Andy holds 20.08% of the issued share capital of UMS Holdings Limited, which in turn holds 28.6% of the issued share capital of the Company. Mr. Luong Andy is therefore deemed to be interested in all the Shares held by UMS Holdings Limited in the Company.

(2) 25,604,000 Shares are registered in the name of Lee Pui Rong.

(3) Mr. David Lum Kok Seng is the sole shareholder of Bevrian Pte. Ltd., which in turn holds 60.11% of the issued share capital of Ellipsiz Ltd. Mr. David Lum Kok Seng and Bevrian Pte. Ltd. are therefore deemed to be interested in all the Shares held by Ellipsiz Ltd in the Company.

(4) 52,500,000 Shares are registered in the name of Citibank Nominees Singapore Pte. Ltd.

Statistics of **Shareholdings**

as at 23 March 2018

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO OF SHARES	%
1	UMS HOLDINGS LIMITED	429,864,300	28.61
2	ELLIPSIZ LTD	175,364,808	11.67
3	ZEE HOONG HUAY	156,384,650	10.41
4	CITIBANK NOMINEES SINGAPORE PTE LTD	67,224,100	4.47
5	SEVEN CREEK PTE LTD	48,200,000	3.21
6	ADAM LAU FOOK HOONG @JOE LAU	27,171,662	1.81
7	LEE PUI RONG	25,604,000	1.70
8	DBS NOMINEES (PRIVATE) LIMITED	19,908,550	1.33
9	OCBC SECURITIES PRIVATE LIMITED	18,816,150	1.25
10	TAN TAI SIM	18,346,000	1.22
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,018,250	0.60
12	SOH CHEE SIONG	8,803,000	0.59
13	NG LIAN SANG	8,315,200	0.55
14	PHILLIP SECURITIES PTE LTD	7,619,820	0.51
15	RAFFLES NOMINEES (PTE) LIMITED	7,412,900	0.49
16	LAU LAI WA	7,040,500	0.47
17	WONG POH HWA @ KWAI SENG	6,920,000	0.46
18	NEO KOK LIANG	6,750,000	0.45
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	6,624,250	0.44
20	LEE WEE NGAM	6,300,000	0.42
	TOTAL	**1,061,688,140**	**70.66**

PERCENTAGE OF SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 23 March 2018, approximately 42.30% of the total issued ordinary shares of the Company are held by the public and therefore, Rule 723 of Catalist Rules has been complied with.

Statistics of **Warrantholdings**

as at 23 March 2018

Numbers of warrants oustanding : 153,878,462

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
1 - 99	4	2.35	175	0.00
100 - 999	3	1.76	1,925	0.00
1,000 - 10,000	29	17.06	188,935	0.12
10,001 - 1,000,000	121	71.18	17,762,077	11.54
1,000,001 AND ABOVE	13	7.65	135,925,350	88.34
TOTAL	**170**	**100.00**	**153,878,462**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO OF SHARES	%
1	ZEE HOONG HUAY	46,730,775	30.37
2	PHILLIP SECURITIES PTE LTD	37,790,500	24.56
3	WANG LIANG HORNG	13,000,000	8.45
4	SEVEN CREEK PTE LTD	6,500,000	4.22
5	QUEK JIAN LIANG	6,057,700	3.94
6	LEE PUI RONG	5,434,000	3.53
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,250,700	3.41
8	LEE NAI MING	4,561,900	2.96
9	ANG CHIN SHENG	4,500,000	2.92
10	HL BANK NOMINEES (SINGAPORE) PTE LTD	2,585,500	1.68
11	WONG POH HWA @ KWAI SENG	1,305,000	0.85
12	QUEK JIAN TING	1,160,000	0.75
13	LIM YENG CHIAN	1,049,275	0.68
14	LIM KHIAM BOON	1,000,000	0.65
15	POH GUAN HAI (FU YUANHAI)	987,000	0.64
16	TAN BOON KHUAN	837,500	0.54
17	OCBC SECURITIES PRIVATE LIMITED	800,000	0.52
18	LOON CHOH TUCK OR HO LENG LENG	770,900	0.50
19	TAN AIK HIN	712,000	0.46
20	GOH LAI PENG	700,000	0.45
	TOTAL	**141,732,750**	**92.08**

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of JEP Holdings Ltd. ("the Company") will be held at 16 Seletar Aerospace Crescent, Singapore 797567 on Wednesday, 25 April 2018 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

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

2. To note the retirement of Mr. Raymond Quek Hiong How as a Director of the Company.

   Mr. Raymond Quek Hiong How will, upon retirement as Director, ceased to be Chairman of the Audit Committee and members of the Remuneration Committee and Nominating Committee.

3. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company:

   Mr. Zee Hoong Huay – Article 91 **(Resolution 2)**
   Mr. Luong Andy – Article 97 **(Resolution 3)**
   Mr. Leow Kim Keat – Article 97 **(Resolution 4)**

   Mr. Leow Kim Keat will, upon re-election as Director, remain as members of the Audit Committee, Remuneration Committee and Nominating Committee and will be considered independent.

4. To approve the payment of Directors' fees of up to S$200,000 for the financial year ending 31 December 2018, to be paid half yearly in arrears. (2017: S$200,000) **(Resolution 5)**

5. To re-appoint Deloitte & Touche LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. 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:

7. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual: Rules of Catalist (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

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

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

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holding) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holding) 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 that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holding) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holding) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

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

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules 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, such authority shall continue in force (i) until the conclusion of the next AGM of the Company or (ii) the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 7)**

8. **Proposed Renewal of Share Buy-Back Mandate**

That:

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

(i) on-market purchase(s) transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

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

on the terms set out in the Appendix to the Annual Report, be and is hereby authorized and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

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

(i) the date on which the next AGM is held or required by law to be held; and

(ii) the date on which the share buybacks are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days on which Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the market purchase or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five day period;

"**date of the making of the offer**" means the day on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Percentage**" means that number of issued Shares representing ten per cent (10%) of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holding as at that date); and

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

(i) in the case of a market purchase of a Share, one hundred and five per cent (105%) of the Average Closing Price of the Shares; and

(ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and twenty per cent (120%) of the Average Closing Price of the Shares; and

(d) any Director be and is hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as he may consider expedient or necessary to give effect to the transactions contemplated and/or authorized by this Resolution.
[See Explanatory Note (ii)] **(Resolution 8)**

By Order of the Board

Cho Form Po
Company Secretary
Singapore, 10 April 2018

Explanatory Notes:

(i) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective 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 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, 100% of the total number of issued shares (excluding treasury shares and subsidiary holding) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

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

(ii) The Ordinary Resolution 8 in item 8 above, if passed, renews the Share Buy-Back Mandate and will authorise the Directors of the Company, from time to time, to purchase Shares subject to and in accordance with the Constitution of the Company, the Catalist Rules and such other laws and regulations as may for the time being be applicable. The Company may use internal sources of funds, external borrowings, or a combination of both to finance the Company’s purchase or acquisition of the Shares.

The amount of funding required for the Company to purchase or acquire the Shares, and the impact on the Company’s financial position, cannot be ascertained as at the date of this Notice as these will depend on, inter alia, the number of Shares to be purchased or acquired, the price at which such Shares are to be purchased or acquired, and whether the Shares to be purchased or acquired are cancelled or held as treasury shares. Based on certain assumptions, an illustration on the financial impact of a purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited financial statements of the Company for the financial year ended 31 December 2017 is set out in Section 6 of the Appendix dated 29 March 2018, which is enclosed together with the Company’s Annual Report.

Notes

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the AGM. Where such member’s form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   “**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a Member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 16 Seletar Aerospace Crescent, Singapore 797567 not less than forty-eight (48) hours before the time appointed for holding the AGM.

Personal data privacy:

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

This Notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor (whose effective date of appointment is 13 April 2009) has not independently verified the contents of this Notice.

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

The contact person for the Sponsor is Mr. Ng Joo Khin.

Telephone number: 6389 3000 Email: jookhin.ng@morganlewis.com

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JEP HOLDINGS LTD.

[Company Registration No. 199401749E]
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "Relevant Intermediary").
2. For investors who have used their CPF monies to buy JEP Holdings Ltd's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We*, ...

of ....

being a member/members* of **JEP Holdings Ltd.** (the "**Company**"), hereby appoint:

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

and/or*

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 16 Seletar Aerospace Crescent, Singapore 797567 on Wednesday, 25 April 2018 at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017		
2	Re-election of Mr. Zee Hoong Huay as a Director		
3	Re-election of Mr. Luong Andy as a Director		
4	Re-election of Mr. Leow Kim Keat as a Director		
5	Approval of Directors' fees of up to S$200,000 for the financial year ending 31 December 2018, to be paid half yearly in arrears		
6	Re-appointment of Deloitte & Touche LLP as auditors		
7	Authority to issue shares		
8	Proposed Renewal of Share Buy-Back Mandate		

Dated this ____________________ day of ________________________ 2018

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

____

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

*Delete where inapplicable

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 10 April 2018.

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

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 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;

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

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 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.

5. 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 16 Seletar Aerospace Crescent, Singapore 797567 not less than forty-eight (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.

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 seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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