Jubilee Industries Holdings Ltd.

千禧业科技公司

2020 Annual Report

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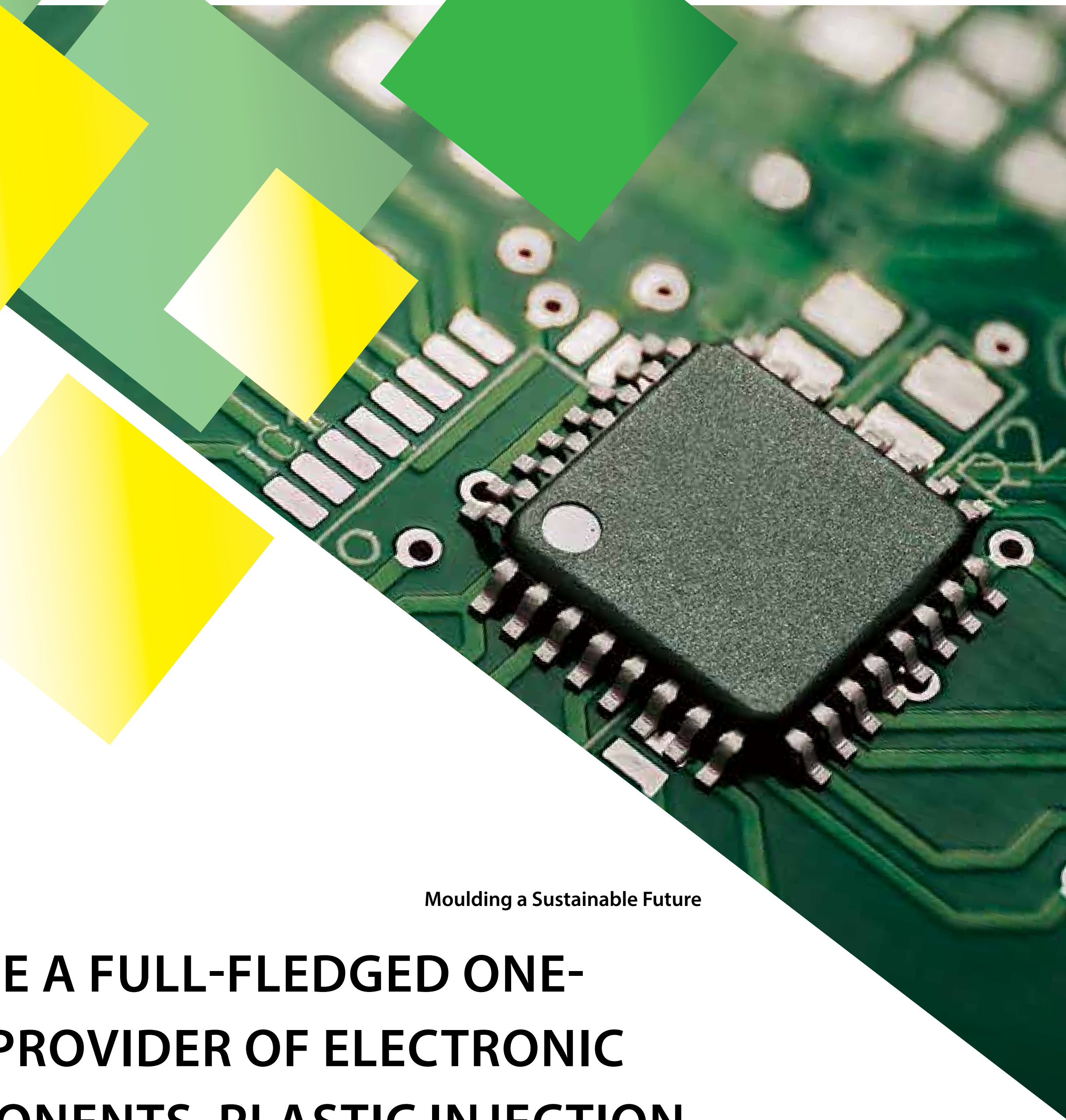


Moulding a Sustainable Future

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

CORPORATE PROFILE

Established in 1993 and listed on SGX-Catalist since 10 July 2009, Jubilee Industries Holdings Ltd. ("Jubilee" or the "Company", and together with its subsidiary corporations, the "Group") is a one-stop solutions provider within the Electronic Manufacturing Services (EMS) space with two main business segments:

1. Mechanical Business Unit ("MBU"), which engages primarily in precision plastic injection moulding ("PPIM") and mould design and fabrication ("MDF") services; and

2. Electronics Business Unit ("EBU"), which distributes integrated electronic components.

The Group is also a manufacturer's representative based in Singapore for electronic products across Southeast Asia. The Group provides system integration, business consultancy for turnkey electronics solutions for the Asia Pacific Rim, including value-added services for global customers in consumer electronics, computer peripherals, medical supplies, automotive and household appliances.

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

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

MBU: MOULD DESIGN AND FABRICATION BUSINESS

We produce plastic injection moulds for consumer electronics, household appliances, medical supplies, automotive and computer peripherals. MDF or "tooling" involves the design and fabrication of precision plastic injection moulds, a steel tool made up of many operating parts ("tooling inserts") assembled together, and subsequently used in PPIM or sold directly to customers. We believe that a good tool forms the heart of a good product. At Jubilee, we take pride in building a good tool from the design stage to the mould assembly. That is why we use state-of-the-art steel cutting equipment, such as the Sodick 3-axis machine. We believe that strong hardware and excellent skill sets are critical in every step to make tools that we can be proud of.

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

We have a dedicated team of professional programme managers and designers who will study our customers' needs and part requirements as well as go through a thorough design for the manufacturing process before proceeding with tool fabrication. Our quality motto is to do things right the first time to avoid unnecessary waste.

CORPORATE PROFILE

MBU: PRECISION PLASTIC INJECTION MOULDING BUSINESS

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

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

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

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

EBU: ELECTRONIC COMPONENTS DISTRIBUTION

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

Our customers are mainly Original Design Manufacturers, Original Equipment Manufacturers and Electronics Manufacturers in diverse market segments throughout the Asia-Pacific region.

With our integrated supply chain system and distribution centres in Singapore and Hong Kong, we serve over 500 customers with various programmes including vendor managed inventory, third-party logistic hubs and back-to-back deliveries.

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of Jubilee Industries Holdings Ltd. ("Jubilee" or the "Company", together with its subsidiary corporations, the "Group"), I am pleased to present the Group's latest annual report for the financial year ended 31 March 2020 ("FY2020").

Braving the Storm

The Group recorded a net loss of S$3.8 million for FY2020 as compared to the net profit of S$2.9 million recorded for FY2019 as we faced unprecedented challenges that have hit many industries.

Jubilee's revenue decreased by S$29.9 million or 18.2% from S$163.7 million for FY2019 to S$133.8 million for FY2020. The decrease was due to external headwinds faced by the Group's Electronics Business Unit ("EBU") which included the Covid-19 pandemic and its impact on global supply chains as well as a weaker global demand as a result of prolonged trade tensions between the USA and China.

EBU revenue decreased by S$35.9 million or 24.7% from S$145.0 million for FY2019 to S$109.2 million for FY2020. Softened demand for semiconductors and passive components deeply affected the EBU's top two product lines which saw combined revenue decrease from S$94.9 million for FY2019 to S$76.4 million for FY2020.

Amidst the external headwinds, the Group's Mechanical Business Unit ("MBU") provided a bright spot as revenue increased by S$6.0 million or 32.2% from S$18.7 million for FY2019 to S$24.7 million for FY2020. The increase in revenue was due to the inclusion of full year sales revenue from Honfoong Plastic Industries Pte. Ltd. and its subsidiary corporation, which contributed S$18.7 million in revenue. In addition, amidst the prolonged trade tensions between the USA and China, the MBU was able to successfully capture opportunities in a crisis as it recorded a significant increase in sales orders from new and existing customers who are changing their source of purchase to the ASEAN region.

The positive result reflects the Group's strategic foresight to invest and grow the Group's MBU to broaden its customer base and diversify its revenue stream.

In response to Covid-19, cost saving measures were implemented which delivered a S$0.4 million reduction in overall operating costs while the absence of acquisition activities in FY2020 resulted in a S$0.4 million decrease in professional fees. Overall, administrative expenses decreased by S$0.8 million or 9.2% from S$8.7 million for FY2019 to S$7.9 million for FY2020.

Given the uncertain path to economic recovery ahead, the Group remains focused on achieving greater cost efficiencies in our operations.

CHAIRMAN'S MESSAGE

Brief Overview of FY2020

Trade tensions between the USA and China dominated headlines and the uncertainties dampened business confidence throughout most of the financial year under review. Towards the end of FY2020, the global economy experienced an unprecedented shock from the impact of Covid-19 which disrupted global supply chains and upended global demand and supply. These external headwinds were a double whammy for many industries including ours.

In China, where Covid-19 first began to spread, a full lockdown imposed by the Chinese government resulted in five full weeks of zero shipments in Wuhan which curtailed manufacturing output and affected every link in the electronics manufacturing value and supply chain. In addition, the US sanctions against Huawei had a negative effect on our Chinese customers. As their projects were delayed, demand for electronic components also declined. China is the Group's largest market which contributes 46.0% of total revenue. Jubilee's revenue from China decreased by S$8.9 million or 12.6% from S$71.0 million for FY2019 to S$62.1 million for FY2020.

With the exception of Indonesia, Thailand and Vietnam, the Group's revenue in all regions decreased in FY2020 as compared to FY2019 due to government-imposed restrictions to curb the spread of Covid-19.

In late February 2020, two senior management personnel and myself were requested by the Corrupt Practices Investigation Bureau to assist in investigations relating to expenses incurred as part of longstanding practices during Chinese New Year festivities at recently acquired Honfoong Plastic Industries Pte. Ltd. The expenses incurred are not material to the Company's financial position. We deny any wrongdoing and will continue to cooperate with the authorities.

All of us at Jubilee remain committed to the principles of integrity, commitment and innovation as we work together to overcome the challenges facing the Group. Our long-term efforts to strengthen the Group's operations and grow its business will continue.

Outlook and Future Plans

The future of trade relations between the USA and China remains uncertain and we could see further policy shifts following the presidential elections in the USA. Geopolitical tensions will likely continue to be in play for the foreseeable future, affecting businesses in the region including Jubilee.

As the Covid-19 pandemic continues to evolve, the global economic recovery also remains uncertain at this stage. The Group takes a conservative view that the impact of Covid-19 will continue for some time and the operating environment will remain challenging with cost pricing pressures from customers.

In response, the Group will continue its cost containment measures to lessen the impact of Covid-19. These measures include the suspension of certain allowances, no-pay leave schemes as well as flexi work arrangements.

In addition, Jubilee continues to review its processes to make long term productivity improvements and to tighten its costs and capital expenditure.

Furthermore, the Group continues to explore strategies to diversify its customer base and expand its product offerings to include higher margin products.

The Group will remain vigilant on cost, credit, and cashflow managements and continue to focus on optimising operating efficiency to help achieve cost savings and will seek to position itself as the preferred supplier amongst its customers.

Despite the gloomy outlook, we are encouraged by the successful containment of Covid-19 and the return of economic activity in the Group's key markets of China, Thailand and Vietnam. In addition, we are also seeing a gradual recovery with new orders from new and existing customers in the consumer and medical segment for delivery in December 2020.

Amidst the unprecedented challenges facing our industry and the global economy, we remain committed to strengthening Jubilee's resilience and building long-term value for shareholders.

A Note of Appreciation

On behalf of the Group, I would like to express my sincere gratitude to our valued shareholders and business partners for their continued support. I would also like to take this opportunity to thank the Board of Directors and my colleagues for their continued confidence in me to lead the Group through these unprecedented times. I am confident that your support along with the dedication and sacrifices made by our colleagues will ensure that Jubilee emerges stronger from the Covid-19 crisis.

Mr Terence Tea Yeok Kian
Executive Chairman and Chief Executive Officer
Jubilee Industries Holdings Ltd.

OPERATIONS AND FINANCIAL REVIEW

The Group's cash and cash equivalents increased by S$3.6 million from S$2.6 million as at 31 March 2019 to S$6.2 million as at 31 March 2020.

OPERATIONS AND FINANCIAL REVIEW

Financial Performance

For the financial year ended 31 March 2020 ("FY2020"), Jubilee Industries Holdings Ltd. ("Jubilee" and together with its subsidiary corporations, the "Group") recorded a revenue of S$133.8 million, representing a decrease of approximately S$29.9 million or 18.2% as compared to S$163.7 million recorded for the financial year ended 31 March 2019 ("FY2019").

Revenue from the Group's Mechanical Business Unit ("MBU") increased by S$6.0 million or 32.2% from S$18.7 million for FY2019 to S$24.7 million for FY2020. The increase in revenue was due to the inclusion of full year sales revenue from Honfoong Plastics Industires Pte. Ltd. and its subsidiary corporation which contributed S$18.7 million in revenue accounting for 14.0% of total revenue. In addition, the Group's MBU recorded a significant increase in sales orders from new and existing customers who are changing their source of purchases to the ASEAN region due to ongoing trade tensions.

Meanwhile, revenue from the Group's Electronics Business Unit ("EBU") decreased by S$35.9 million or 24.7% from S$145.0 million for FY2019 to S$109.2 million for FY2020. The decline was mainly due to the global impact of the Covid-19 pandemic and weak global demand as a result of prolonged trade tensions between the USA and China.

The Group's cost of sales decreased by approximately S$23.8 million or 15.8% from S$150.9 million for FY2019 to S$127.1 million for FY2020, in line with the decrease in revenue.

The Group's gross profit decreased by S$6.1 million or 47.7% from S$12.8 million for FY2019 to S$6.7 million for FY2020. While the MBU's gross profit increased by S$0.3 million or 15.8% from S$1.9 million for FY2019 to S$2.2 million for FY2020, the EBU's gross profit decreased by S$6.3 million or 57.8% from S$10.9 million for FY2019 to S$4.6 million for FY2020

Gross profit margin decreased from 7.8% for FY2019 to 5.0% for FY2020. The decrease was mainly due to the EBU's decision to liquidate some of its inventory at a loss to reduce inventory holding cost amidst the global contraction of the semiconductor industry and a lower quarter on quarter pricing trend.

The Group's other losses of S$0.7 million comprised of EBU's foreign exchange losses of S$0.3 million and impairment losses on trade receivables of S$0.4 million.

Distribution and marketing expenses decreased by approximately S$0.5 million or 35.7% from S$1.4 million for FY2019 to S$0.9 million for FY2020. The decrease was mainly due to lower commission payouts and other sales related expenses associated with the EBU as a result of the reduction of sales for FY2020.

Administrative expenses decreased by S$0.8 million or 9.2% from S$8.7 million for FY2019 to S$7.9 million for FY2020 mainly due to lower professional fees associated with acquisition activities of S$0.4 million. Cost containment measures in response to Covid-19 delivered a S$0.4 million reduction in overall operating expenses.

The Group's finance expenses were relatively unchanged at S$1.1 million for FY2019 and FY2020. Tax expenses decreased from S$0.5 million for FY2019 to S$0.3 million for FY2020 due to lower chargeable income for both MBU and EBU of S$0.1 million respectively.

As a result of the above, the Group recorded a net loss of S$3.8 million for FY2020 as compared to a net profit of S$2.9 million for FY2019.

Financial Position

The Group's current assets decreased by S$10.3 million or 15.7% from S$65.8 million as at 31 March 2019 to S$55.5 million as at 31 March 2020. Cash and cash equivalents increased by S$3.0 million from S$5.3 million as at 31 March 2019 to S$8.4 million as at 31 March 2020. The S$1.1 million decrease in trade and other receivables was due to lower sales achieved by the EBU for FY2020 which was offset by longer payment terms for certain customers in the Group. Inventories decreased by S$11.1 million due to lower inventories held by the EBU while other current assets decreased by S$0.7 million due a reduction in prepayments and deposits.

Non-current assets decreased by S$0.4 million or 1.9% from S$21.0 million as at 31 March 2019 to S$20.6 million as at 31 March 2020. The decrease was mainly due to a S$0.4 million decrease in intangible assets from S$2.2 million as at 31 March 2019 to S$1.8 million as at 31 March 2020 as a result of amortisation costs of S$0.4 million.

Current liabilities decreased by approximately S$8.6 million or 19.2% from S$44.8 million as at 31 March 2019 to S$36.2 million as at 31 March 2020. Trade and other payables decreased by S$3.2 million from S$25.8 million as at 31 March 2019 to S$22.6 million as at 31 March 2020 due to lower purchases and other payables. Borrowings declined by S$5.6 million from S$18.7 million as at 31 March 2019 to S$13.1 million as at 31 March 2020 largely due to a reduction in bank borrowings arising from Letter of Credits from Chinese customers affected by the Covid-19 pandemic of S$4.6 million, a reduction in overdraft facilities of S$0.5 million, repayment of loan from Accrelist Ltd. of S$0.9 million, offset by

OPERATIONS AND FINANCIAL REVIEW

an increase in lease liabilities of S$0.4 million following the adoption of SFRS (I) 16.

Non-current liabilities increased by S$2.1 million from S$0.2 million as at 31 March 2019 to S$2.3 million as at 31 March 2020. The increase was largely due to a loan of S$2.0 million and an increase in lease liabilities of S$0.1 million following the adoption of SFRS(I) 16 on leases and hire purchases of S$0.1 million taken out on asset financing.

The Group's working capital decreased by S$1.7 million from S$21.0 million as at 31 March 2019 to S$19.3 million as at 31 March 2020. The decrease was caused by the decrease in trade and other receivables of S$1.1 million, inventories of S$11.1 million, other current assets of S$0.7 million, increase in income tax liabilities of S$0.2 million. These were offset by an increase in cash and cash equivalents of S$3.0 million, decrease in trade and other payables of S$3.1 million and decrease in borrowings of S$5.6 million.

As a result of the above, the Group's net assets decreased by S$4.3 million from S$41.9 million as at 31 March 2019 to S$37.6 million as at 31 March 2020.

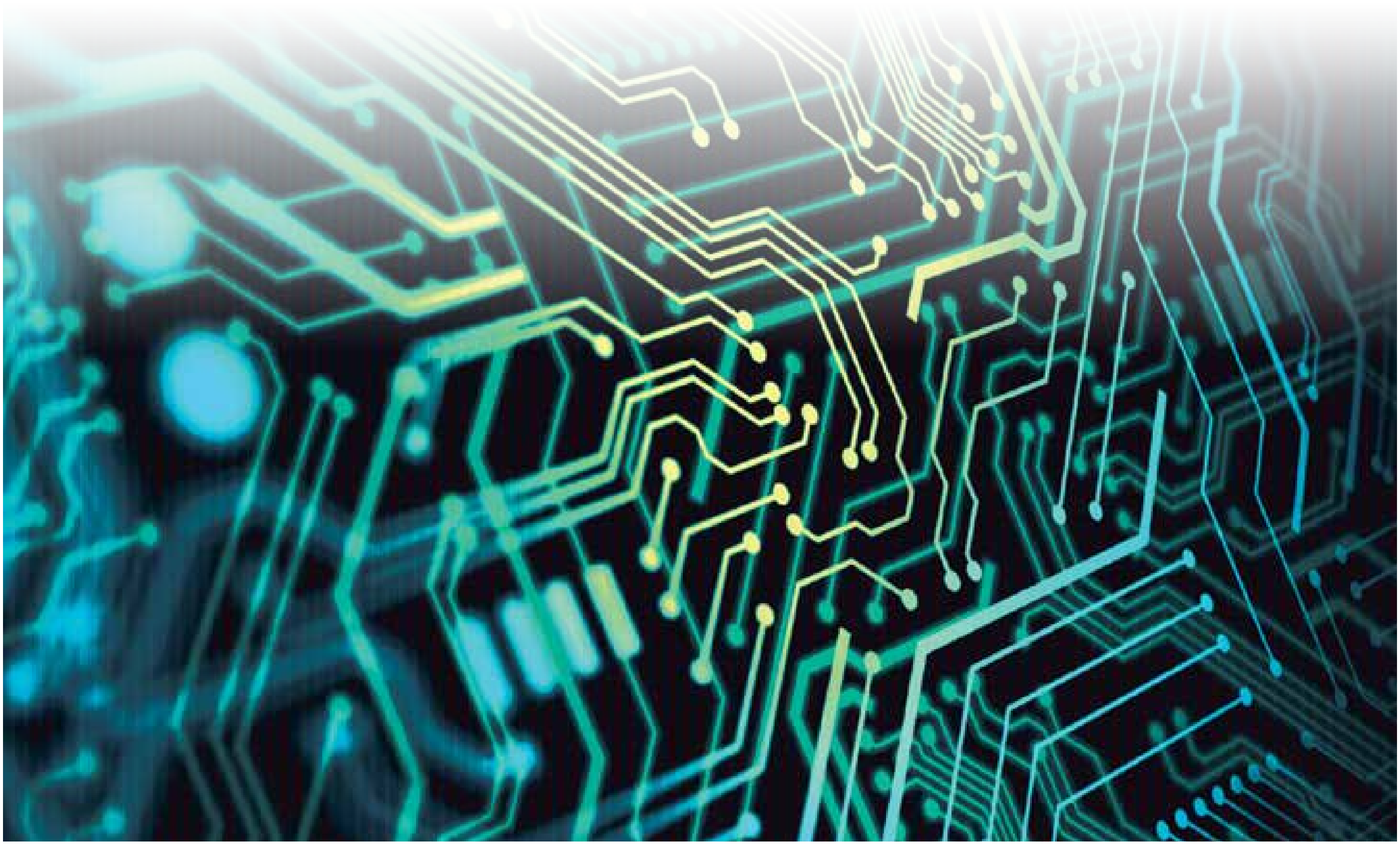
Cash Flow Statement

Net cash flow generated from operating activities for FY2020 was S$8.7 million, comprising of operating loss before working capital changes of S$0.4 million and working capital inflow of S$9.1 million. The working capital inflow was mainly due to a decrease in inventories of S$11.1 million, decrease in trade and other receivables of S$1.1 million and a decrease in other current assets of S$0.7 million. These were offset by a decrease in trade and other payables of S$3.1 million.

Net cash used in investing activities of S$0.3 million for FY2020 was mainly due to the S$0.4 million addition to property, plant and equipment.

Net cash used in financing activities of S$4.9 million for FY2020 was mainly due to the repayment of short term bank borrowings, bank margin facilities of S$4.6 million, repayment of loan to ultimate holding corporation of S$0.9 million, repayment of lease liabilities of S$0.4 million and S$1.0 million in interest paid out for borrowings made to support the business growth and expansion of the Group.

As a result of the above, the Group's cash and cash equivalents increased by S$3.6 million from S$2.6 million as at 31 March 2019 to S$6.2 million as at 31 March 2020.



MILESTONES

FY 2020

Secured revenue opportunities amidst trade tensions, MBU achieved continued growth

FY 2019

Successfully sustained turnaround, net profit tripled

Acquired Honfoong Plastics Industries Pte. Ltd. to grow the Company's MBU

FY 2018

Achieved successful turnaround with return to black

Accrelist Ltd. saw significant potential in the Company and increased its stake by converting the outstanding loan into Jubilee shares

FY 2017

Secured convertible loan from strategic shareholder Accrelist Ltd. to support its growth

FY 2016

Terence Tea was appointed as Managing Director to lead turnaround efforts for Jubilee

FY 2015

Acquired WE Components, an electronic components distributor, to enable Jubilee to provide one-stop solutions for the electronics manufacturing industry

BOARD OF DIRECTORS

MR TERENCE TEA YEOK KIAN, 52

Executive Chairman & Chief Executive Officer

Academic and professional qualifications:
Ph.D. in Business Administration (Honorary) from Honolulu University
Diploma in Electronics and Electrical Engineering from Singapore Polytechnic

Date of first appointment as director: 30 June 2014
Date of last re-election as director: 26 July 2018
Length of service (as at 31 March 2020): 5 years 9 months

Served on the following Board Committees:

- Member – Nominating Committee

Present Directorships in other listed companies

Executive Chairman and Managing Director – Accrelist Ltd. (Listed on SGX, Singapore)
Executive Chairman - EG Industries Berhad (Listed on Bursa Malaysia, Malaysia)

Present Principal Commitments

Executive Chairman and Managing Director - Accrelist Ltd.
Executive Chairman and Chief Executive Officer – Jubilee Industries Holdings Ltd.

Directorships in other listed companies held over the preceding three years

Nil

Background and experience:

Mr. Tea is the Executive Chairman and Chief Executive Officer of the Group. He is responsible for the overall growth of the Group and his main role is to determine the strategic direction of the Group, acquiring and nurturing new businesses with a view of taking them to greater heights.

Mr. Tea brings to the Group a wealth of experience in the corporate world, providing key inputs to the Board and has been instrumental in advising on corporate matters such as mergers, acquisitions and other strategic matters that saw profit surge in FY2019. For FY2020, despite the effects from the Covid-19 pandemic, the Group managed to minimise losses incurred of S$1.3 million excluding non-cash expenses. These losses were mainly due to the Group's Electronic Business Unit's decision to liquidate some of its inventory from Samsung and SK Hynix at a loss to reduce inventory holding cost amidst a gloomy outlook of a global contraction of the semiconductor industry and a lower quarter on quarter pricing trend.

Mr. Tea is also the Executive Chairman and Managing Director of major shareholder Accrelist Ltd.. He had earlier performed a masterstroke by providing a shareholder loan of US$16 million to the Group in a move that saw Jubilee owning a 100%-stake in WE Components Pte. Ltd. ("WEC") - an electronics components distribution entity. The acquisition of WEC from Accrelist Ltd. is one of the key reasons for the robust performance of the Group's profitability. WEC is now the Electronics Business Unit – a key pillar – of the Group.

Having been in the electronics industry for some 30 years, his in-depth knowledge of the industry has helped the Group spot growth opportunities during the restructuring period from 2013 to 2017 and beyond. The results have shown that his leadership is important to the Group.

Mr. Tea, in 2004, listed a PCB testing company on the former SES-SESDAQ before upgrading its listing status to the Mainboard in a mere three years. While he met with difficulties that are well-documented, he has made a strong comeback and his tenacity is shown in the manner that he turned both Accrelist Ltd. and Jubilee Industries Holdings Ltd. into profitable companies that will continue to grow.

Mr. Tea is also an honorary patron of the Nee Soon East Constituency, Sembawang Citizen's Consultative Committee and Singapore Productivity Association, as well as a council member of the Singapore Hokkien Huay Kuan and Chairman of Eng Yong Tong Tay Si Association. He was awarded the Public Service Medal (PBM) by the President of the Republic of Singapore, as well as the Long Service Award (MOE) by Singapore's Ministry of Education. He is also the Singapore Small Medium Business Association TOP Entrepreneur. Mr Tea was also conferred the title of Dato. In addition, Mr. Tea serves as the Vice President of the Association of Catalist Companies, a non-profit organisation which draws its membership primarily from companies listed on the Catalist board of the Singapore Exchange.

BOARD OF DIRECTORS

MR CHEONG KENG CHUAN, ALFRED, 51

Lead Independent Director

Academic and professional qualifications:
Bachelor of Commerce (Accounting and Economics) Degree, Deakin University, Australia
Member - Institute of Singapore Chartered Accountants
Member - The Australian Society of Certified Practising Accountants

Date of first appointment as director: 23 June 2016
Date of last re-election as director: 28 July 2017
Length of service (as at 31 March 2020): 3year 9 months

Served on the following Board Committees:

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

Present Directorships in other listed companies

Nil

Present Principal Commitments

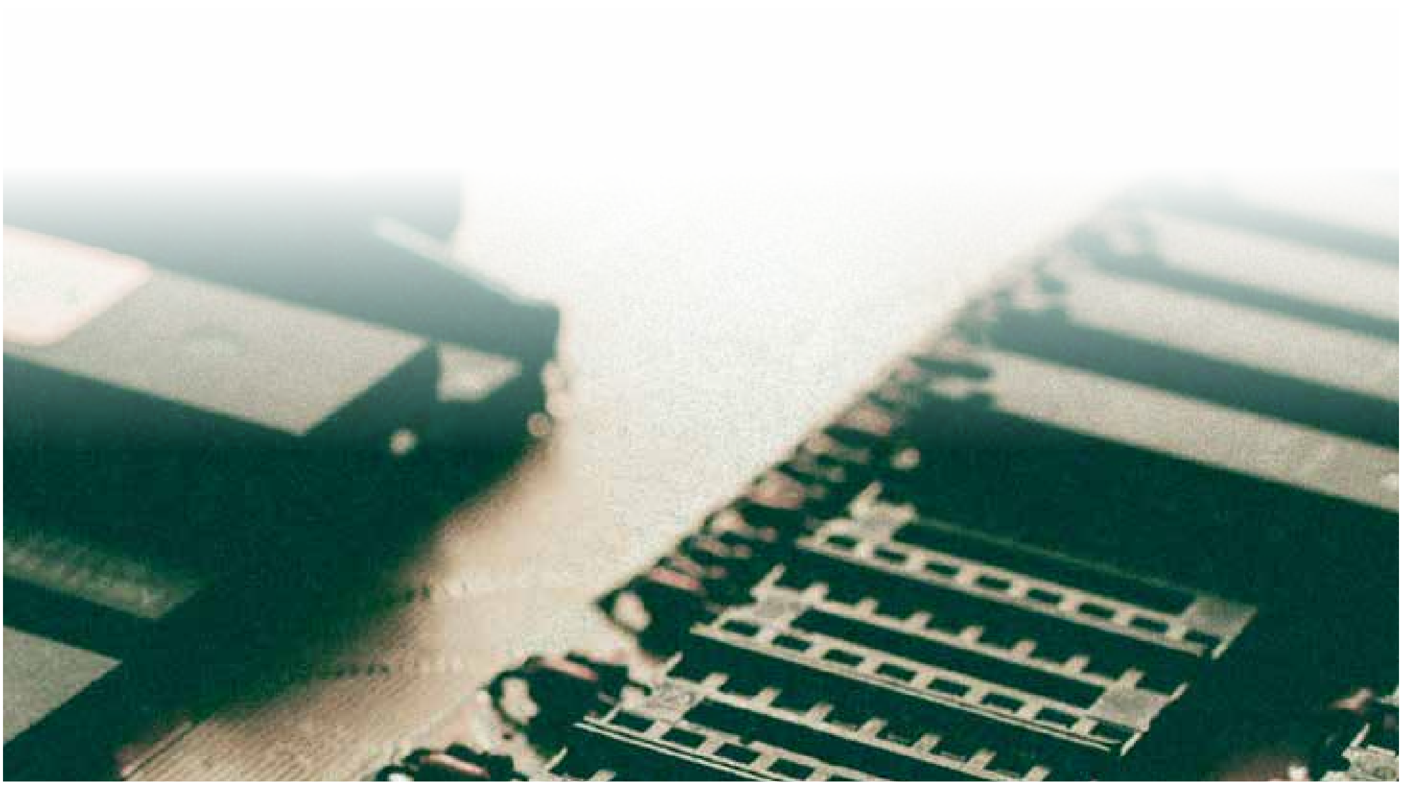
Deputy Managing Partner - Crowe Horwath First Trust LLP

Directorships in other listed companies held over the preceding three years

- China Flexible Packaging Holdings Limited
- C&G Environmental Protection Holdings Limited
- Debao Property Development Ltd
- China Hongxing Sports Limited

Background and experience:

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



BOARD OF DIRECTORS

MR. NG SIEW HOONG, LINUS, PBM, 49

Independent Director

Academic and professional qualifications
Bachelor of Laws (Hons.) Degree, University of London
Member of the Singapore Academy of Law and Law Society of Singapore.
Barrister from Middle Temple, UK
Member of the Singapore Institute of Directors
Graduate Certificate in LegalTech, Singapore Management University

Date of first appointment as director: 5 August 2016
Date of last re-election as director: 26 July 2019
Length of service (as at 31 March 2020): 3 year 7 months

Served on the following Board Committees:
- Chairman – Nominating Committee
- Member – Audit Committee
- Member - Remuneration Committee

Present Directorships in other listed companies
Nil

Present Principal Commitments
Partner - Donaldson & Burkinshaw LLP

Directorships in other listed companies held over the preceding three years
Nil

Background and experience:
Mr. Ng is a Corporate Partner in the Corporate and Commercial Practice, and in the Technology and Data Protection Practice, in Donaldson & Burkinshaw LLP. His areas of practice include mergers and acquisitions (local and regional), corporate finance and governance, regulatory compliance and enforcement, employment and immigration. In his years of practice, he has advised on corporate and securities laws, equity financing in the capital markets, takeovers and listing conditions on the SGX, issuance of convertible bonds and notes, fund management advisory and cross-border investments transactions. In dispute resolutions, Linus has acted and advised individuals and corporations in mediations, judicial and arbitration proceedings in Singapore and the region. Within the technology practice, he has advised corporations and research institutions on the commercialisation of their technological breakthroughs and protection of their intellectual property rights.

Mr. Ng serves on the board of directors of both listed and private companies, as well as Institutions of Public Character. He regularly speaks and conduct talks, seminars and webinars on subjects involving the Singapore Companies Act, Employment Act, PDPA and AML/CFT legislations to trade associations and organisations, and in international conferences.

BOARD OF DIRECTORS

MR KANG PANG KIANG, ALEX, 48

Non-Executive and Non-Independent Director

Academic and professional qualifications
Double degree in Bachelor of Commerce and Bachelor of Science from University of Auckland, New Zealand
Chartered Accountant of Malaysian Institute of Accountants
Associate Chartered Accountant of Chartered Accountant Association, New Zealand

Date of first appointment as director: 22 October 2020
Date of last re-election as director: Nil

Served on the following Board Committees:

- Member - Audit Committee
- Member - Remuneration Committee

Present Directorships in other listed companies

- Jubilee Industries Holdings Ltd. (Listed on SGX, Singapore)
- EG Industries Berhad (Listed on Bursa Malaysia, Malaysia)
- Thong Guan Industries Berhad (Listed on Bursa Malaysia, Malaysia)

Present Principal Commitments

CEO – EG Industries Berhad

Directorships in other listed companies held over the preceding three years

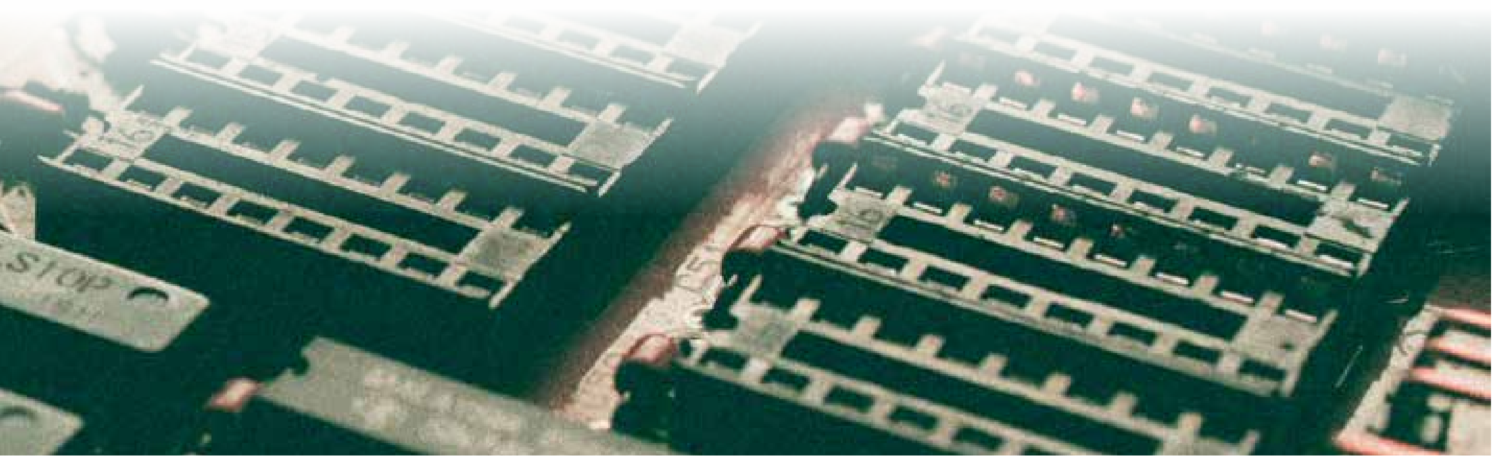
Nil

Background and experience:

Mr. Kang is the CEO of EG Industries Berhad and holds the helm for full responsibility on the overall planning and operations since July 2014. With more than 20 years of expertise in financial management, planning, corporate restructuring exercises, risk management and investor relations, he plays a key role in formulating and providing solutions for EG Industries Berhad's strategic positioning and business.

For his outstanding entrepreneurship and enthusiasm, Mr. Kang was awarded the Best Chief Executive Officer and Best Investor Relations Professional by Malaysian Investor Relations Association under the Micro-cap category of "The Investor Relations Awards 2015" and in appreciation for his dedication to the business and social community, Mr. Kang was conferred the title of datukship in 2018 and an honorable POLTERA life V.I.P by Persatuan Kebajikan Keluarga Bekas Polis dan Tentera ("POLTERA") for his support, cooperation and contribution towards POLTERA's goal achievements.

In 2020, Mr. Kang was appointed a distinguished "Adjunct Professor" by AIMST University to share his business and industry insights with the future workforce and as the honorary advisor of Malaysia-China Chamber of Commerce in recognition for his rich expertise and experience in the manufacturing business globally.



CORPORATE MANAGEMENT

Ms. Sng Ee Lian, Eliane

Group Financial Controller and Joint Company Secretary

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

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

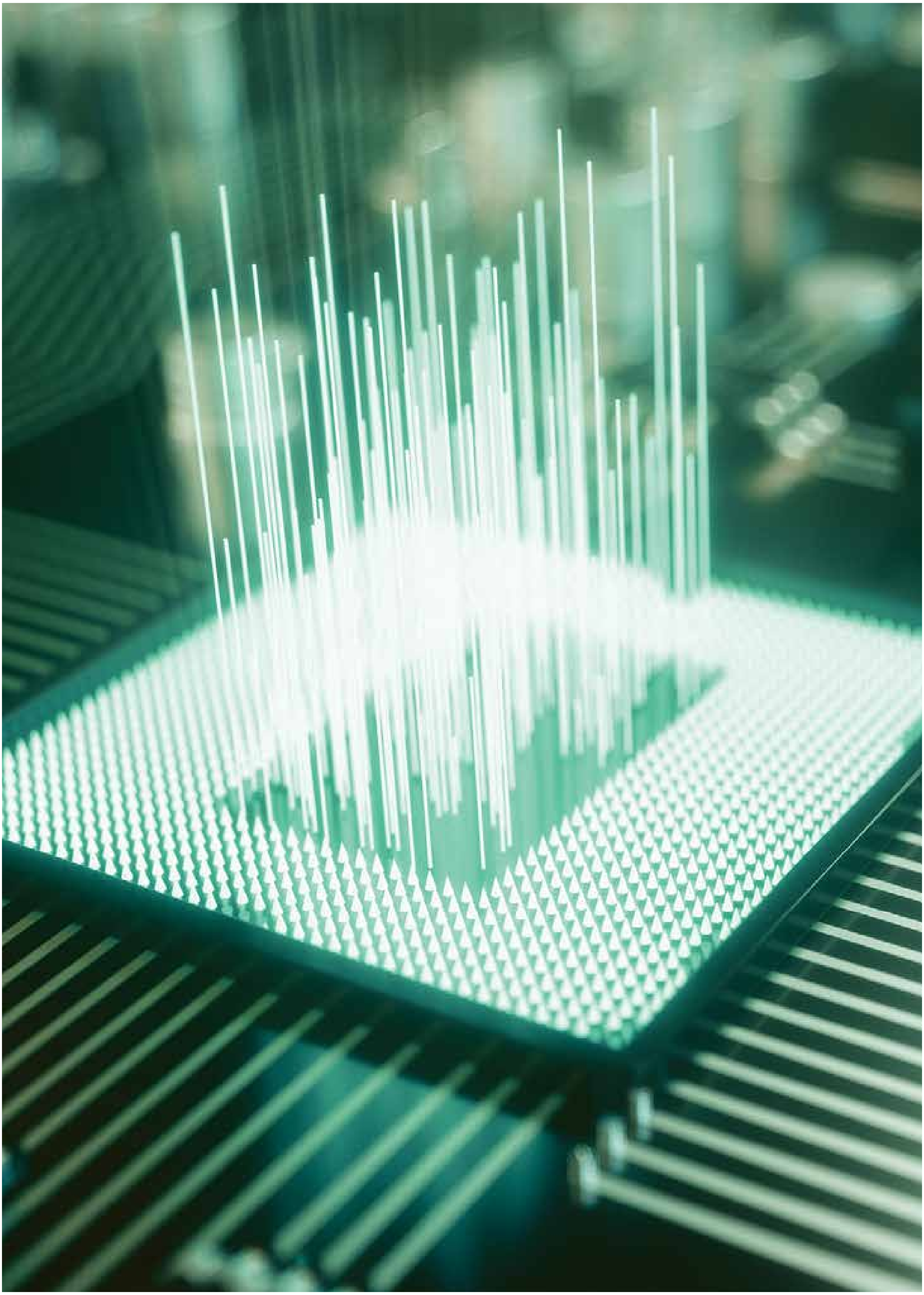
Mr. Lee Sang Sup

Senior Vice President, Electronic Business Unit (EBU)

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

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

Mr. Lee holds a bachelor degree in International Economics Law & English for HANKUK University of Foreign Studies in South Korea.



CORPORATE DIRECTORY

SINGAPORE

Jubilee Industries Holdings Ltd. (Head Office)
10 Ubi Crescent #03-94/95/96
Ubi Techpark Lobby E
Singapore 408564
Tel: (65) 6311 2968/6311 2969
Fax: (65) 65 6311 2905

Jubilee Industries (S) Pte. Ltd.
10 Ubi Crescent #03-94/95/96
Ubi Techpark Lobby E
Singapore 408564
Tel: (65) 6311 2968/6311 2969
Fax: (65) 65 6311 2905

J Capital Pte. Ltd.
10 Ubi Crescent #03-94/95/96
Ubi Techpark Lobby E
Singapore 408564
Tel: (65) 6311 2968/6311 2969
Fax: (65) 65 6311 2905

E'mold Holding Pte. Ltd.
10 Ubi Crescent #03-94/95/96
Ubi Techpark Lobby E
Singapore 408564
Tel: (65) 6311 2968/6311 2969
Fax: (65) 65 6311 2905

WE Components Pte. Ltd.
10 Ubi Crescent #03-94/95/96
Ubi Techpark Lobby E
Singapore 408564
Tel: (65) 6311 2900
Fax: (65) 65 6311 2905
Email: SGP.sales@weh.sg

WE Microelectronics Pte. Ltd.
10 Ubi Crescent #03-94/95/96
Ubi Techpark Lobby E
Singapore 408564
Tel: (65) 6311 2900
Fax: (65) 65 6311 2905
Email: SGP.sales@weh.sg

HonFoong Plastic Industries Pte. Ltd.
10 Ubi Crescent #03-94/95/96
Ubi Techpark Lobby E
Singapore 408564
Tel: (65) 6311 2900
Fax: (65) 65 6311 2905

MALAYSIA

JOHOR

WE Total Engineering Sdn. Bhd.
No. 10, Jalan Istimewa 7
Taman Perindustrian Cemerlang
81800 Ulu Tiram, Johor
Malaysia
Tel: (607) 861 3870
Fax: (607) 863 2750

PENANG

WE Components (Penang) Sdn. Bhd.
62-1 Persiaran Bayan Indah Bayan Bay
Sungai Nibong Penang 11900
Tel: (604) 646 9888
Fax: (604) 646 9298
Email: MAL.sales@weh.sg

PEOPLE'S REPUBLIC OF CHINA

SHANGHAI

WE Components (Shanghai) Co. Ltd.
Room 1001A/10F, Desay Building
South No 1 Road, High-Tech
Industrial Park
Nanshan District, Shenzhen
China, P.R.C.518057
Tel: (86) 7558 299 5835
Fax: (86) 7558 299 7055
Email: CHN.sales@weh.sg

SHENZHEN

WE Components (Shenzhen) Co. Ltd.
Room 1001A/10F, Desay Building
South No 1 Road, High-Tech
Industrial Park
Nanshan District, Shenzhen
China, P.R.C.518057
Tel: (86) 7558 299 5835
Fax: (86) 7558 299 7055
Email: CHN.sales@weh.sg

WE Components (Hong Kong) Limited
Room 1001A/10F, Desay Building
South No 1 Road, High-Tech
Industrial Park
Nanshan District, Shenzhen
China, P.R.C.518057
Tel: (86) 7558 299 5835
Fax: (86) 7558 299 7055
Email: CHN.sales@weh.sg

Kin Wai Technology Ltd.
Room 1001A/10F, Desay Building
South No 1 Road, High-Tech
Industrial park
Nanshan District, Shenzhen
China, P.R.C.518057
Tel: (86) 7558 304 8857
Fax: (86) 7558 304 8854

WUHAN

WE Components (Shenzhen) Co. Ltd.
[威新电子（深圳）有限公司]
A2102#, Optics Valley Shidai Plaza
111# Guan Shan Da Dao Road,
Hong Shan Zone, WuHan, China
P.R.C.430074
Tel: (86) 0278 7322 753
Fax: (86) 0278 7584 700
Email: CHN.sales@weh.sg

INDIA

BANGALORE

WE Components India Pvt. Ltd.
No. 20, Lakshmi, 2nd Floor,
Shankarmutt Road,
Shankarpuram,
Basavanagudi,
Bangalore – 560004
Tel : (91) 080 2667 7767
Email:: IND.sales@weh.sg

DELHI

WE Components India Pvt. Ltd.
C-134 Ground Floor
Sector-19, Noida – 201301, U.P
India
Tel: (91) 120 427 0600/02
Fax: (91) 120 427 0605
Email: IND.sales@weh.sg

INDONESIA

PT HonFoong Plastic Industries
Jalan Gaharu, Lot 232, 233,
Jalan Kenanga Lot 247,
Batamindo Industrial Park,
Mukakuning, Batam 29433
Indonesia
Tel : (62) 611448
Fax : (62) 611260

THAILAND

WE Components Co. Ltd
19/1-2, FL 2nd A,B Wangdek Bld 2.
Viphavadee-Rangsit Rd,
Jomphol Jatujak, Bangkok 10900,
Thailand
Tel: (662) 617 4267-70
Fax: (662) 617 4271
Email: THL.sales@weh.sg

VIETNAM

WE Components Pte. Ltd.
Room 1606, Floor 16, Daeha
Building,
360 Kim Ma,
Ba Dinh, Hanoi, Vietnam
Tel: (84) 989 589 222
Email : quang.doan@weh.sg

CORPORATE **GOVERNANCE REPORT**

INTRODUCTION

The board of Directors (the "**Board**") and the Management of Jubilee Industries Holdings Ltd. (the "**Company**") are committed to achieving a high standard of corporate governance within the Company and its subsidiary corporations (the "**Group**"). Underlying this commitment is the belief that good corporate governance will help to enhance corporate performance and protect the interests of the Company's shareholders (the "**Shareholders**"). In this respect, the Company adopts the practices based on the Singapore Code of Corporate Governance 2018 (the "**Code**").

This report outlines the Company's corporate governance practices for the financial year ended 31 March 2020 ("**FY2020**") with specific reference made to the principles and provisions of the Code. For easy reference, sections of the Code under discussion are specifically identified. However, this report should be read as a whole as other sections of this report may also have an impact on the specific disclosures. The Group has complied with the principles of the Code where appropriate. In so far as any principles and/or provisions has not been complied with, the reason has been provided.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The primary role of the Board is to provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives so as to protect and enhance long-term shareholder value. It develops the overall strategy for the Group and supervises its Management. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including providing leadership, developing its strategic objectives, establishing risk policy and goals for the Management as well as monitoring the achievement of these goals.

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

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

CORPORATE **GOVERNANCE REPORT**

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

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

For the effective execution of responsibilities and to enhance the Company's corporate governance framework, the Board has established an Audit Committee ("**AC**"), Nominating Committee ("**NC**"), and Remuneration Committee ("**RC**") (collectively referred herein as "Board Committees"). The Board Committees are actively engaged and play an important role in the execution of responsibilities to ensure good corporate governance in the Company and within the Group. The Board Committees operate within clearly defined terms of reference and functional procedures, which are reviewed from time-to-time and endorsed by the Board. The Board accepts that while these various Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

All Directors exercise due diligence and independent judgement in dealing with the business affairs and make decisions objectively to discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Group. The Board puts in place a code of conduct and ethics, set appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issue of conflict.

Currently, the Board comprises of four members. Of the four members, two are Independent Directors and one is Non-Executive Director. The current members of the Board and their membership on the Board Committees of the Company are as follows:-

	Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
1	Mr Terence Tea Yeok Kian	Executive Chairman and Chief Executive Officer	–	Member	–
2	Mr Cheong Keng Chuan, Alfred[1]	Lead Independent Director	Chairman	Member	Chairman
3	Mr Ng Siew Hoong, Linus	Independent Director	Member	Chairman	Member
4	Mr Kang Pang Kiang[2]	Non-Executive and Non-Independent Director	Member	–	Member

[1] Mr Cheong Keng Chuan Alfred was appointed as the Lead Independent Director with effect from 22 October 2020

[2] Mr Kang Pang Kiang was appointed as the Non-Executive and Non-Independent Director with effect from 22 October 2020

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

CORPORATE **GOVERNANCE REPORT**

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

Name	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr Terence Tea Yeok Kian[1]	4	4	2	4	2	4	4	4
Mr Cheong Keng Chuan, Alfred	4	4	4	4	4	4	4	4
Mr Ng Siew Hoong, Linus	4	4	4	4	4	4	4	4
Mr Kang Pang Kiang[2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[1] Mr Terence Tea Yeok Kian has been re-designated as Executive Chairman and Chief Executive Officer with effect from 6 August 2019. Following the re-designation, Mr Terence Tea Yeok Kian has stepped down as a member of Audit and Remuneration Committee, and remains as a member of Nominating Committee.

[2] Mr Kang Pang Kiang was appointed as the Non-Executive and Non-Independent Director with effect from 22 October 2020

The Company recognises the importance of appropriate training for its Directors. All newly appointed Directors will be given an orientation of the Group's business strategies and operations, as well as extensive information about the Company's history, mission and values. Where relevant, training would be provided which include areas such as accounting, legal and industry-specific knowledge where appropriate. The Company will arrange for any new director with no prior experience of serving as a director in a listed company to attend appropriate courses, conferences or seminars, at the expense of the Company to enable him/her to discharge his/her duties effectively.

The Company encourages existing Directors to attend relevant training courses particularly on relevant new laws, regulations and changing commercial risks which have an important bearing on the Company and the Directors' obligations towards the Company.

During FY2020, the Directors had attended relevant courses and received updates on regulatory changes to the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**") and changes to the accounting standards relevant to the Group.

Briefings and updates provided to the Directors in FY2020 included:

- the Management updating the Board at each meeting on business and strategic developments pertaining to the Group's business.

The Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. The Company also has an on-going budget for all Directors to attend appropriate courses, conferences and seminars for them to stay abreast of relevant business developments and outlook.

Newly appointed directors will be provided with a formal letter setting out their duties and obligations.

Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Guidance

As at the date of this report, the Board has four members, comprising two Independent Directors making up half of the Board, as follows:

Mr Terence Tea Yeok Kian	Executive Chairman and Chief Executive Officer
Mr Cheong Keng Chuan, Alfred	Lead Independent Director
Mr Ng Siew Hoong, Linus	Independent Director
Mr Kang Pang Kiang	Non-Executive and Non-Independent Director

The Board considers an "Independent Director" as one who has no relationship with the Company, its related companies, its substantial shareholders of not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the Company, or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement to the best interests of the Company.

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

The NC has reviewed the completed forms and concurred on the independence status of the two Independent Directors. The notes that Provision 2.2 of the Code states that the Independent Directors should make up a majority of the Board where the Chairman of the Board is not an Independent Director. Although Independent Directors do not make up a majority of the Board, the Board is of the opinion that there is sufficiently strong independent element for it to function effectively. In addition, non-executive directors also make up a majority of the Board. Therefore, the Board believes that the process of decision making has been independent and has been based on a collective decision without any individual dominating the Board's decision-making.

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

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

Notwithstanding that the Company has not adopted a formal board diversity policy, the Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. In reviewing the appointments to the board and the continuation of these appointments, the Board together with the Nominating Committee take into consideration factors including skills, core competencies, knowledge, professional experience, educational background, gender, age and length of service into account in the selection and appointment of Directors, to ensure that the Board and Board Committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance, mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, to avoid groupthink, foster constructive debate and to function effectively to make informed decisions overseeing the Group's business.

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

Key information of Directors are set out in pages 10 to 13 of this Annual Report.

Principle 3: Chairman and Chief Executive Officer

The Executive Chairman and Chief Executive Officer of the Company is Mr Terence Tea Yeok Kian ("Mr Tea"), who leads the Board and is responsible for the effective working of the Board. The Board is of the view that the accountability and independence have not been compromised despite the Chairman and Chief Executive Officer being the same person. The Chairman and Chief Executive Officer have defined responsibilities which, during his tenure so far, have not conflicted with each other. Major business proposals are discussed at Board meetings before decisions are made. The Board believes there is a sufficient element of independence and adequate safeguards against a concentration of power in one single person. As the Chairman. Mr Tea responsibilities, among others, include the following:

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

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

Pursuant to Provision 3.3 of the Code, as the Chairman is non-independent, the Board has appointed Mr Cheong Keng Chuan Alfred as the Lead Independent Director and is of the view that there is sufficiently strong independent element on the Board to enable the independent exercise of objective judgement on corporate affairs of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board, as well as the size and scope of the affairs and operations of the Group.

The Lead Independent Director is available to shareholders where they have concerns which contact through the normal channels of the Chairman and Chief Executive Officer or Group Financial Controller has failed to resolve or for which such contact is not appropriate.

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

BOARD COMMITTEES

Nominating Committee

Principle 4: Board Membership
Principle 5: Board Performance

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

Mr Ng Siew Hoong, Linus	Independent Director	(Chairman)
Mr Terence Tea Yeok Kian	Executive Chairman and Chief Executive Officer	(Member)
Mr Cheong Keng Chuan, Alfred	Lead Independent Director	(Member)

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

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

CORPORATE GOVERNANCE REPORT

- recommending to the Board the process for evaluation of the performance of the Board, Board Committees and Directors and assessing annually the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board; and
- reviewing training and professional development programmes for the Board.

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

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

The NC has recommended the nomination of Mr Cheong Keng Chuan, Alfred ("Mr Cheong") and Mr Kang Pang Kiang ("Mr Kang") who would be retiring pursuant to Regulation 89 and Regulation 88 of the Company's Constitution respectively for re-election at the forthcoming AGM to be held on 26 November 2020. In making the recommendations, the NC had considered Mr Cheong and Mr Kang's overall contribution and performance. The recommendations of the aforesaid nomination have been accepted by the Board. Mr Cheong will, upon re-election as a Director, remain as the Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee while Mr Kang will, upon re-election as a Director, remain as a member of the Audit and Remuneration Committees. Key information on Mr Cheong and Mr Kang, who are eligible and offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(5) of the Catalist Rules are set out below. Further details of Mr Cheong and Mr Kang are disclosed in the Directors' Profile on page 11 and 13 respectively of this Annual Report.

Name of Director	**Cheong Keng Chuan, Alfred**	**Kang Pang Kiang**
Date of appointment	23 June 2016	22 October 2020
Date of last re-appointment (if applicable)	28 July 2017	–
Age	51	48
Country of principal residence	Singapore	Malaysia
The Board's comments on the NC's recommendation for re-election	The Board has accepted the NC's recommendation, who has reviewed and considered Mr Cheong's performance as an Independent Director of the Company.	The Board has accepted the NC's recommendation, who has reviewed and considered Mr Kang's performance as a Non-Executive and Non-Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title	Lead Independent Director, Chairman of Audit and Remuneration Committees and member of Nominating Committee	Non-Executive and Non-Independent Director, a member of Audit and Remuneration Committees

CORPORATE **GOVERNANCE REPORT**

Professional qualifications	Bachelor of Commerce (Accounting and Economics) Degree, Deakin University, Australia	Double Degree in Bachelor of Commerce and Bachelor of Science, University of Auckland, New Zealand Associate Chartered Accountant (ACA), Chartered Accountant Association, New Zealand Chartered Accountant, Malaysian Institute of Accountants, Malaysia.
Working experience and occupation(s) during the past 10 years	2002 to current – Deputy Managing Partner, Crowe Horwath First Trust LLP	July 2014 to current - Group Chief Executive Officer / Executive Director of EG Industries Berhad April 2009 to July 2014 - Finance Director/ Executive Director of EG Industries Berhad November 2008 to March 2009 - Group Financial Officer of Pensonic Holding Berhad March 2009 to July 2014 – Finance Director of SMT Technologies Sdn Bhd
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Mr Kang is the Group Chief Executive Officer of EG Industries Berhad, an associate company of the Company.
Conflict of interest (including any competing business)	Nil	Nil
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 720(1))	Yes	Yes

CORPORATE **GOVERNANCE REPORT**

Other Principal Commitments Including Directorships	**Other Principal Commitment:** • Deputy Managing Partner, Crowe Horwath First Trust LLP Present Directorship: • Crowe Horwath First Trust Appraisal Pte. Ltd. • Crowe Horwath First Trust Corporate Advisory Pte. Ltd. • Crowe Horwath First Trust Management Services Pte. Ltd. • Crowe Horwath First Trust Risk Advisory Pte. Ltd. • Premiere Eastern Energy Pte. Ltd. Past Directorship (for the past 5 years): • Sinotel Technologies Ltd • China Flexible Packaging Holdings Limited • C&G Environmental Protection Holdings Limited • Debao Property Development Ltd • China Hongxing Sports Limited • China Wise International Investments Pte. Ltd. • Derong Real Estate Holdings Pte. Ltd. • Dynamic Real Estate Holdings Pte. Ltd. • Infinity Real Estate Holdings Pte. Ltd.	**Other Principal Commitment:** • Group Chief Executive Officer / Executive Director of EG Industries Berhad Present Directorship: • Thong Guan Industries Berhad • Accrelist Ltd. • Genshine Solutions Pte. Ltd. • EG Electronic Sdn. Bhd. • EG Operations Sdn. Bhd. • EG R&D Sdn. Bhd. • Glisten Knight Sdn. Bhd. • KGA Capital Sdn. Bhd. • Mastimber Industries Sdn. Bhd. • SMT Technologies Sdn. Bhd. • TM SMT Sdn. Bhd. • WE Total Engineering Sdn. Bhd. Past Directorship (for the past 5 years): • EG Global Sdn. Bhd. • Three-Ten Kelvin Sdn Bhd
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes
If yes, please provide details of prior experience.	• Independent Director of Sinotel Technologies Ltd • Independent Director of China Flexible Packaging Holdings Limited • Lead Independent Director of C&G Environmental Protection Holdings Limited • Lead Independent Director of Debao Property Development Ltd • Independent Director of China Hongxing Sports Limited	Non-Independent and Non-Executive Director of Accrelist Ltd.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a listed issuer as prescribed by the Exchange.	N.A.	N.A.
Please provide details of relevant experience and the NC's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

Mr Cheong and Mr Kang had responded negative to items (a) to (k) listed in Appendix 7F of the Catalist Rules.

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

CORPORATE **GOVERNANCE REPORT**

The NC is also responsible for determining annually, the independence of Directors. In doing so, the NC takes into account the definition and criteria set forth in Provision 2.1 of the Code and any other salient factors. The Independent Directors, namely Mr Ng Siew Hoong, Linus and Mr Cheong Keng Chuan, Alfred, have confirmed that they do not have any relationship with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgement with a view to the best interests of the Company. The NC has reviewed and determined that the said Directors are independent.

All Directors are required to declare their board representations. When a Director has multiple listed company board representations, the NC will consider whether the Director is able to adequately carry out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple listed company board representations and other principal commitments. The NC and the Board will continue to review from time to time the listed company board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. In view that the current Board was constituted in 2016, the NC and the Board will review from time to time if there is a need to set a maximum number of listed company directorships a Director should hold.

There is no alternate director on the Board.

Key information regarding the Directors, including their present and past three years' directorships in other listed companies and principal commitments are set out on pages 10 to 13 and below:

Name of Director	**Board Membership**	**Date of appointment**	**Date of last re-appointment**	**Directorships in other listed companies**		**Principal Commitments**
				Current	**Past three years**	**Current**
Terence Tea Yeok Kian	Executive Chairman and Chief Executive Officer	30 June 2014	26 July 2018	Accrelist Ltd. EG Industries Berhad (a company listed on Bursa Malaysia)	–	Accrelist Ltd. Accrelist Medical Aesthetics (BM) Pte. Ltd. Accrelist Medical Aesthetics (LOT1) Pte. Ltd. Accrelist Medical SPA Pte. Ltd. (F.K.A. Accrelist Medical Aesthetics (SPC) Pte. Ltd.) Accrelist Medical Aesthetics (TPY) Pte. Ltd. Accrelist Medical Aesthetics (CM) Pte. Ltd. A Tech Media Pte. Ltd. (F.K.A. Accrelist A.I. Tech Pte. Ltd.)
Cheong Keng Chuan, Alfred	Lead Independent Director	23 June 2016	28 July 2017 (Due for re-election at the forthcoming AGM)		C&G Environmental Protection Holdings Limited Debao Property Development Ltd China Hongxing Sports Limited (delisted on 23 October 2020)	Deputy Managing Partner, Crowe Horwath First Trust LLP

CORPORATE GOVERNANCE REPORT

Name of Director	Board Membership	Date of appointment	Date of last re-appointment	Directorships in other listed companies		Principal Commitments
				Current	Past three years	Current
Ng Siew Hoong, Linus	Independent Director	5 August 2016	26 July 2019	–	–	Partner, Donaldson & Burkinshaw LLP
Kang Pang Kiang	Non-Executive and Non-Independent Director	22 October 2020	–	EG Industries Berhad (a company listed on Bursa Malaysia) Thong Guan Industries Berhad (a company listed on Bursa Malaysia) Accrelist Ltd.		EG Industries Berhad

The Board has implemented a collective questionnaire assessment process for assessing its effectiveness as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director to the effectiveness of the Board. Each Director was requested to complete evaluation forms to assess the overall effectiveness of the Board as a whole, and of each Board Committee and individual directors. The results of the evaluations are used constructively by the NC to identify potential areas of improvements to the Board to take the appropriate action. The assessment of the Board's performance focused on a set of performance criteria for the Board evaluation which includes the Board structure, strategy and performance, governance on Board risk management & internal controls, information to the Board, Board procedures, CEO/top management and Directors' standard of conduct.

The assessment criteria for each Board Committee focuses on the nature of the respective roles and responsibilities of the AC, NC and RC.

The annual assessment of individual Directors considers, among others, each Director's attendance as well as generation of constructive debate/participation for meetings of the Board and Board Committees, contribution, initiative, responsiveness of Director, knowledge of senior management and Company's business, and the Directors' self-assessment.

Following the review of FY2020, the Board is of the view that the Board and its Board Committees operate effectively, and each Director is contributing to the overall effectiveness of the Board.

No external facilitator was engaged for the purpose of Board assessment in FY2020. If the need arises, the NC has full authority to engage an external facilitator to assist the NC to carry out the evaluation process at the Company's expense.

In assessing each individual director's contribution and performance when considering the re-election of any Director, the NC considers, amongst others, the attendance and participation at Board and Board Committees meetings, his qualification, experience and expertise, the time and effort dedicated to the Group's business and affairs including the Management's access to the Directors for guidance or exchange of views as and when necessary. The Chairman of the Board would consider the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of Directors, in consultation with the NC.

Remuneration Committee

Principle 6: Procedures for Developing Remuneration Policies
Principle 7: Level and Mix of Remuneration
Principle 8: Disclosure on Remuneration

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

Mr Cheong Keng Chuan, Alfred	Lead Independent Director	(Chairman)
Mr Ng Siew Hoong, Linus	Independent Director	(Member)
Mr Kang Pang Kiang	Non-Executive and Non-Independent Director	(Member)

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

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

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

In setting remuneration packages, the Company takes into account pay and employment conditions, including termination terms, within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel. The Board engaged an external independent remuneration consultant to assess and finalise the remuneration package of the Executive Chairman and Chief Executive Officer for FY2020. The external remuneration consultant had no connection with the Company or the Board.

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

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

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

Provision 8.1 of the Code recommends that companies fully disclose the remuneration of each individual Director and the CEO on a named basis.

For confidentiality reasons and prevention of prejudice to the Group's business, the Board has deviated from complying with the above recommendation and provides herein a breakdown, showing the level and mix of each director's remuneration in bands of S$250,000 for FY2020: -

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

(1) The Director's fees are approved by shareholders at the FY2019 Annual General Meeting.

Key Management Personnel

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

Provision 8.1 of the Code recommends that companies should name and disclose the remuneration of at least the top five key management personnel (who are not Directors or the CEO) in bands of S$250,000 and in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO). As best practice, companies are encouraged to fully disclose the remuneration of the said top five key management personnel .

For confidentiality reasons and prevention of prejudice to the Group's business, the Board has deviated from complying with the above recommendation. Please refer to the table below showing the level and mix of each of the key management personnel's remuneration (who are not Directors or the CEO) for FY2020: -

Name of Key Management Personnel	Salary	Bonus	Fringe benefits	Total remuneration
	%	%	%	%
Above S$250,000 and below S$500,000				
Lee Sang Sup	73	0	27	100
Less than S$250,000				
Sng Ee Lian Eliane	91	8	1	100

Ms Serene Tea Lay Sin, sister of Mr Terence Tea Yeok Kian, Executive Chairman and Chief Executive Officer, is an employee of the Company whose remuneration exceeded S$100,000 during FY2020. Her remuneration was in the band of S$100,000 to S$150,000.

There are no termination, retirement and post-employment benefits that may be granted to the Directors and the key management personnel.

The Company has a share award scheme known as the "Jubilee Share Award Scheme". No shares have been granted to the employees and Directors during FY2020. Information on the Jubilee Share Award Scheme is set out in the Directors' Statement.

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

Principle 9: Risk Management and Internal Controls

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

The AC ensures that a review of the effectiveness of the Company's internal controls and risk management framework is conducted at least once a year.

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

CORPORATE **GOVERNANCE REPORT**

The Board has received assurance from the Executive Chairman and Chief Executive Officer and the Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

In addition, the Executive Chairman and Chief Executive Officer and the key management personnel who are responsible have also given assurance to the Board regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

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

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

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

Principle 10: Audit Committee

As at the date of this report, the AC comprises of three members, two of whom (including the Chairman) are independent directors. There are no members in the AC who is a former partner or director of the Company's existing auditing firm. There are also no members in the AC who have any financial interest in the Company's existing auditing firm. The members of the AC are: -

Mr Cheong Keng Chuan, Alfred	Lead Independent Director	(Chairman)
Mr Ng Siew Hoong, Linus	Independent Director	(Member)
Mr Kang Pang Kiang	Non-Executive and Non-Independent Director	(Member)

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

- review with the independent/internal auditors the audit plans, their evaluation of the system of internal controls, and their audit report including the scope and results of the external/internal audit, the independence and objectivity of the independent/internal auditors;
- review the financial statements including reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance and position, before submission to the Board for approval;
- review the internal control procedures, its scope and the results and to ensure co-ordination between the independent/internal auditors and the Management; and review the assistance given by Management to the independent/internal auditors, and discuss problems and concerns, if any, arising from the audits;
- review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls;
- review the effectiveness of the Company's internal audit function;
- review and discuss with the independent auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the Management's response;
- make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external/internal auditors;

CORPORATE **GOVERNANCE REPORT**

- review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;
- review potential conflicts of interest, if any;
- undertake such other review and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and which requires the attention of the AC; and
- generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made from time to time.
- review the assurance from the Executive Chairman and Chief Executive Officer and the Group Financial Controller on the financial records and financial statements;
- making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of independent auditor; and (ii) the remuneration and terms of engagement of the independent auditor;

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

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

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

The AC meets the internal auditor and independent auditor, without the presence of the Management, at least once a year. The AC has reasonable resources to enable it to discharge its function properly.

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

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

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

The AC has outsourced the performance of the internal audit functions of the Group to Deloitte Enterprise Risk Services Sdn. Bhd. The internal auditor will report directly to the AC and administratively to the Executive Chairman and Chief Executive Officer of the Company. To ensure the adequacy of the internal audit function, the AC had reviewed and approved the internal audit plan before the internal audit commenced. The AC, on an annual basis, will assess the adequacy and effectiveness of the internal audit and the internal auditors' independence, the qualification and experiences of internal audit team assigned and the internal auditors' reports and its relationship with the internal auditors. The AC conducted a review and concluded that the internal audit function is adequately resourced, effective and has appropriate standing within the Group.

The internal audit work carried out in FY2020 was guided by the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors.

CORPORATE **GOVERNANCE REPORT**

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

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

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

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

Principle 11: Shareholder Rights and Conduct of General Meetings
Principle 12: Engagement with Shareholders
Principle 13: Engagement with Stakeholders

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

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

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

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

A Relevant Intermediary[1] may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the general meetings in person. CPF and SRS Investors who are unable to attend the general meetings but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the general meetings to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the general meetings.

1 A Relevant Intermediary is:

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

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

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

CORPORATE **GOVERNANCE REPORT**

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

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

All Directors will be available at the general meetings of shareholders, and the independent auditor is also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the Company's annual report.

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

Each distinct issue is proposed as a separate resolution at general meetings. All resolutions proposed at general meetings shall be to put vote by way of a poll pursuant to Rule 730A(2) of the Catalist Rules. An independent external consultant is also appointed as scrutineer for the poll voting process. Prior to the commencement of the general meeting of shareholders, the scrutineer would review the proxies and the proxy process. A proxy verification process agreed upon with the scrutineer is also in place. Votes cast for, or against, each resolution will be tallied and disclosed at the meeting announcement with the detailed results showing the numbers and percentage of votes cast for or against for each resolution will be released via SGXNet on after the general meetings. The Company currently does not provide for voting in absentia.

The Company prepares minutes of general meetings incorporating the substantial and relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and Management. Such minutes will not be published on the Corporate website but will be made available to Shareholders upon their request.

The Company engages RHT Communications and Investor Relations Pte. Ltd. ("**Investor Relations**") as its dedicated investor relation team to handle investors' queries and assist on all matters related to investor relations.

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

<u>Dividend Policy</u>

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

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

No dividend was proposed in respect of FY2020 as the Company needs to conserve its cash and strengthen its financial position as the Company requires the funds for its working capital needs.

CORPORATE **GOVERNANCE REPORT**

Dealings in Securities

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

INTERESTED PERSON TRANSACTIONS

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

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

There was no interested person transaction greater than S$100,000 for FY2020. The Group does not have a general mandate from its shareholders for interested person transactions.

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiary corporations involving the interests of any Director or controlling shareholders which are either still subsisting as at 31 March 2020 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

No non-sponsor fees were paid to the Company's sponsor, RHT Capital Pte. Ltd. in FY2020.

AUDIT/NON-AUDIT FEES

As at 31 March 2020, the Company paid S$169,813 to Nexia TS Public Accounting Corporation for its statutory audit services and S$30,088 for the non-audit services provided by Nexia TS Tax Services Pte. Ltd. and Nexia TS Risk Advisory Pte. Ltd. for the financial year under review.

SUSTAINABILITY REPORT

2020

SUSTAINABILITY **REPORT**

Board Statement

Jubilee Industries Holdings Ltd. (the "**Company**" or "**Jubilee**") **and its subsidiaries** (the "**Group**" or "**We**") are delighted to present our Sustainability Report for the Financial Year ended 31 March 2020 ("FY2020"). This report documents the progress we have made in our sustainable journey, with regards to Environmental, Social and Governance ("ESG") factors which are essential to the Group through topics identified as material to our business and stakeholders.

The Board of Directors ("Board") believe the reporting process allows us to not only articulate our sustainability initiatives which are aligned with our strategic formulation, but also help us to seek out opportunities for sustainable growth and development.

FY2020 has had its ups and downs for the Group with the on-going US-China trade tensions and current coronavirus pandemic ("Covid-19 pandemic") still unfolding, being the biggest impact to the Group. The conflict between US and China and the Covid-19 pandemic have severely impacted global supply chains in the form of pricing pressures from customers and foreign exchange volatility and our production facilities in Malaysia with reduced production capacity.

To mitigate the impact during this unprecedented time, we have reviewed all our processes to focus on improvements in safety, productivity and operational efficiency for the longer term in order to achieve better economic performance in the coming years whilst remaining compliant with societal, environmental and governance practices such as measures in responding to global health emergencies, initiatives to reduce the Group's carbon footprint and to maintain sound and robust governance systems.

We expect the global demand in the semiconductor industry and operating environment to remain challenging with continuous pressures on cost pricing in the coming years. We remain resilient and will strike to work together with all our valued stakeholders to achieve our long-term sustainability goals.

We would also like to take this opportunity to thank all our valued customers for their support and the many long-serving employees for their invaluable contributions and loyal hard work.

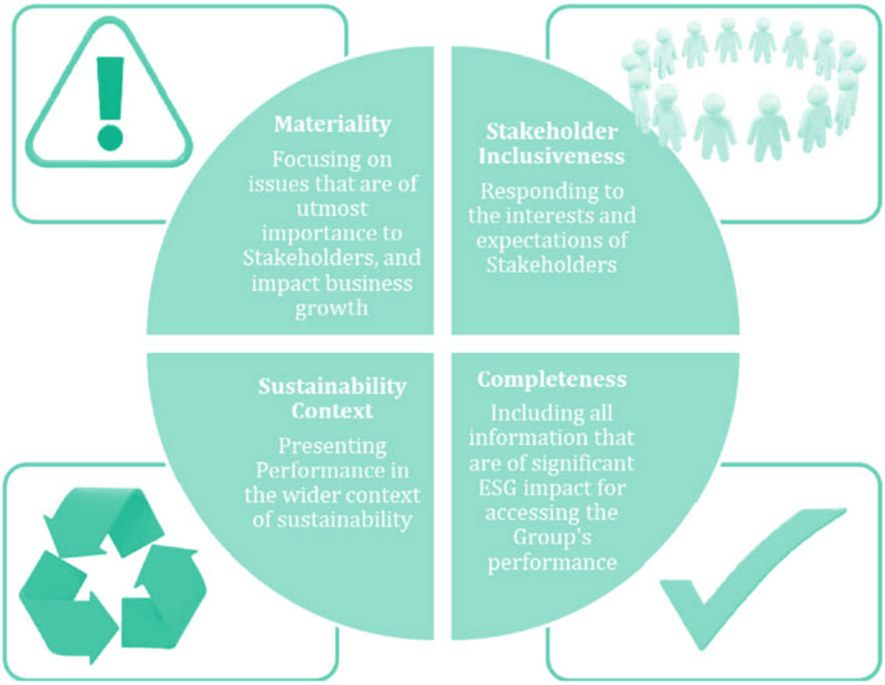
SUSTAINABILITY REPORT

About This Report

Jubilee has adopted a formalised reporting approach by referring to the industry recognised international reporting framework, Global Reporting Initiative ("GRI") Standards: Core option and the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B in preparing our sustainability report for FY2020.

The report focuses on our Group's sustainability strategies and highlights the ESG aspects of our operations. It provides an overview of our approach, performance and targets for our key sustainability material topics.

Reporting Boundaries and Standards



Reporting Period and Scope

This report covers the operations of the Group's headquarters in Singapore and key overseas subsidiaries from 1 April 2019 to 31 March 2020. No external assurance is sought in the preparation of this report but internal verifications are performed on the data disclosed.

Accessibility & Feedback

This report is accessible at our corporate website http://www.jihldgs.com/investor-relations-2/annual-report/ and constructive feedback is encouraged to be sent to our website at http://www.jihldgs.com/contact-us/.

SUSTAINABILITY **REPORT**

Governance and Sustainability Approach

At Jubilee, we are committed in building sustainable businesses that deliver long-term growth and value-add to our stakeholders, through ethical and transparent business practices.

We implemented governance processes and practices by adopting a framework of corporate governance policies and practices in line with principles and guidelines set out in the Code of Corporate Governance 2018. More details on the framework can be found in the Corporate Governance Report section of the Annual Report.

Taking into consideration stakeholders' concerns, the Board assesses the overall direction and strategy of the business and directs senior management to act upon the Board's strategic priorities. Senior management engage with departments, coordinate the implementation through policies and initiatives to address these priorities.

We are dedicated to being a responsible partner to all our stakeholders, conducting our business practices with transparency and accountability, managing the impact of our business today, while preparing for a future where we continue to create shared value for shareholders, staff, other stakeholders and the environment.

Stakeholder Engagement

The Group defines all parties affected by the Group's business practices whether directly, or indirectly as valued stakeholders. This includes Customers, Employees, Suppliers, Shareholders, Regulators, and the Community.

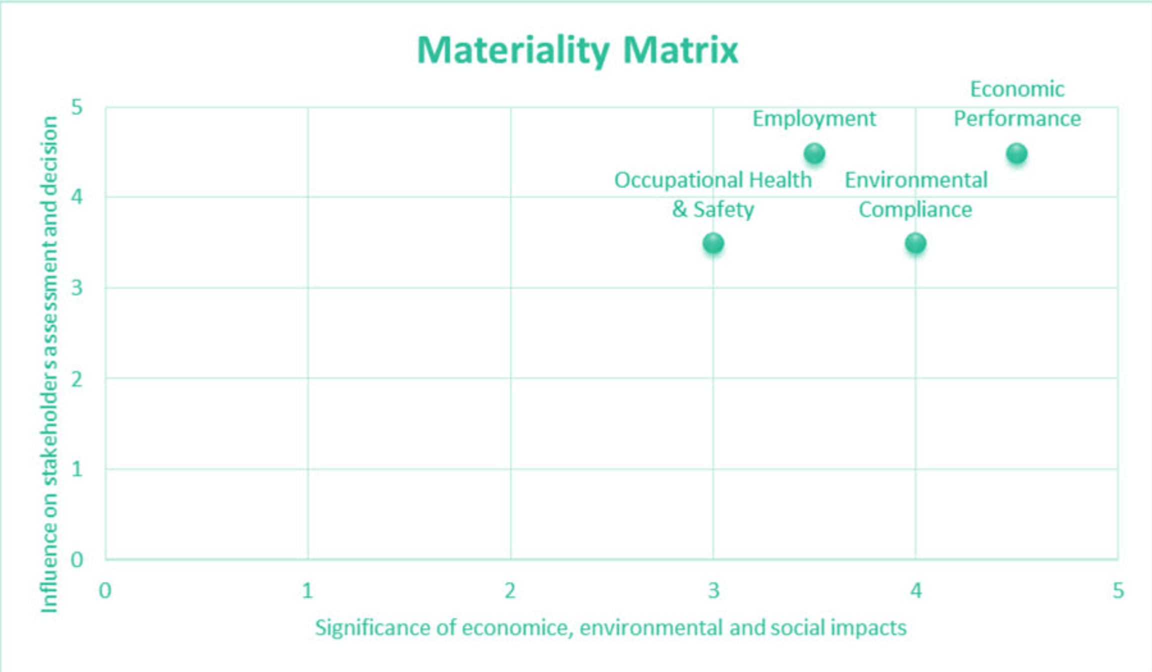
We value the interest of our stakeholders. We use multiple avenues to engage different stakeholders in receiving their feedback and input relating to our business such as financial performance, business outlook, product offerings, pricing, workplace safe measures, business conducts, employee welfare and environmental impacts. Our engagement avenues include virtual meetings, online portals, social messaging applications, and open and closed-door meetings.

Based on the feedback gathered from our internal and external stakeholders, we have evaluated and shortlisted factors which would have significant economic, environment, social and governance impacts and are material to the organisation and stakeholders. These factors are ranked and prioritised through our engagement process and alignment with the Group sustainability and strategic direction. Our priorities are reflected in the next section i.e. Materiality Assessment.

SUSTAINABILITY REPORT

Materiality Assessment

In identifying material topics that are relevant to our stakeholders, we compile all feedback received from them and assess the degree of influence and impact that these topics have on them. We have determined that the material topics shortlisted still have significant economic, environmental, social and governance impact and are still material to our Group and stakeholders in FY2020. These priorities are reflected in the Materiality Matrix below.



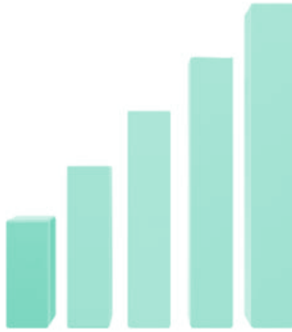
Economic Performance

Why is it Material?

Assessing the key economic performance indicators of the Group is essential in not only setting the Group's future growth strategies, but also vital for stakeholders to analyse the impact of past strategies and resources available for future sustainable growth approaches.

Management Approach

We continue with our approach in maintaining our streamlined management structure and maximising production efficiencies. At the same time, we will also continue to monitor the manufacturing markets to seek growth opportunities and areas of potential synergy to maximise long term sustainable financial growth within the industry. For instance, we are strategising to diversify our customer base and expand our product offerings for higher margin of plastic components beyond our current automotive and consumer products which have been sluggish in the global economy.



Performance

The Group has two business segments, with 18.4% of the revenue attributable to the Mechanical Business Unit ("MBU") and 81.6% of the revenue attributable to the Electronics Components Distribution Business Unit ("EBU").

We are pleased to share that revenue from MBU increased by 32.2% from $18.7 million in FY2019 to $24.7 million in FY2020. This significant increase was as a result from the changes in consumer preference to purchase from ASEAN region amidst the existing trade tensions, resulting in increase of sales orders from new and existing customers. On the other hand, EBU faced challenge amidst the Covid-19 pandemic and weak global demand due to the prolonged trade tariff war between USA and China. Revenue from EBU decreased by 24.7% from $145 million in FY2019 to $109.2 million in FY2020. The imposition of a full lockdown by the Chinese government resulted in five full weeks of no shipment in Wuhan curtailing manufacturing output and affected the electronics manufacturing value and supply chain. EBU also had to liquidate some of the inventory at a loss to reduce inventory holding cost foreseeing a gloomy outlook of the semiconductor industry.

A comparison of our Group's economic performance for FY2020, FY2019 and FY2018 are shown below. Please refer to the Operations and Financial section for a more detailed reporting of the Group's economic performance.

Performance Indicator	FY2020 (S$'000)	FY2019 (S$'000)	FY2018 (S$'000)
Revenue	133,839	163,691	159,954
Net Profit/(Loss)	(3,846)	2,879	932

Target

In FY2020, the Group's earnings were greatly impacted due to the Covid-19 pandemic and trade tariff war. We continue to remain vigilant at cost, credit and cashflow management and focused on improving machine utilisation rates to help achieve cost savings and will seek to position ourselves as the preferred supplier amongst our customers for both MBU and EBU segments. With these measures and initiatives in place, along with the lockdown lifted and impact on the pandemic slowly easing, we aim to achieve positive growth in revenue and net profit for FY2021.

SUSTAINABILITY **REPORT**

Environmental Compliance

Why is it Material?

With climate change being prevalent as a global issue, our Group sees minimising environmental footprint through embracing green technology, and minimising unnecessary waste produced through sustainable business practices, as a duty of the Group. Caring for the environment to ensure environmental sustainability for our future generation is in-line with our aim to 'Moulding a Sustainable Future'.

Management Approach

Our environmental policies are centred around local and international laws, regulations and industrial best practices. These policies are regularly updated based on our monitoring of changes to the laws and regulation. In conjunction with adhering to environmental policies, we are constantly upgrading machinery and operational practices by leveraging on technological advancements, to reduce our environmental footprint. We also perform regular maintenance of our equipment to optimise energy efficiency.

We keep our employees informed about the environmental policies, and we develop awareness among employees on the purpose and objectives driving these policies. We remind our employees on their responsibilities to the environment, how they can do their part in ensuring environmental sustainability, and encourage them to cultivate water and energy saving habits. We are encourage employees to switch off lights and electrical appliances in the office when not in use. Our office uses water efficient fittings that comes with half-flush mechanism and self-release water taps. Our office also uses energy efficient lightings and air conditioning systems endorsed with the Green Label.

Our Group is constantly looking for ways to improve our business processes and operations to reduce the negative impact on the environment. We also have stringent vendor selection process and sustainable practice of our vendors forms part of our vendor evaluation criteria.

Performance

Our commitment to minimising environmental footprint continues to bear fruit. There was no incident of non-compliance with environmental laws and regulations for FY2020, following the trend from FY2018.

Target

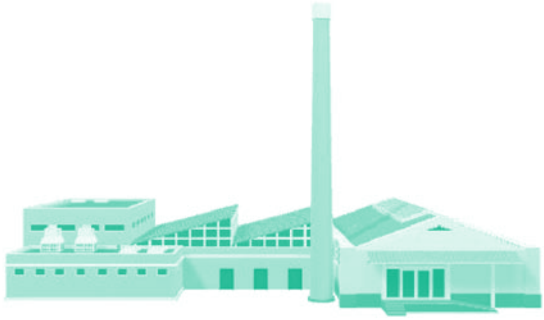
Through active monitoring and keeping employees informed on changes to environmental laws and regulations, we aim to continue our positive streak of full compliance with no incidents of non-compliance for FY2021.

SUSTAINABILITY **REPORT**

Employment

Why is it Material?

Employees are the backbone of our Group. The contribution of our employees built the Group to where it is today. The attraction and retention of the right talent enhances our work culture and improves overall productivity. Furthermore, employees that fit-in well lowers turnover rate, reducing the costs of having to frequently hire and train new employees. We attract and retain our employees through fair labour practice, monitoring their wellbeing and safety in the workplace, and through open communication with them.



Management Approach

Fair Labour Practice

Our Human Resource Management policies are established based on meritocratic and fair employment practices where we hire based on criteria ranging from experience to talent, without any discrimination against age, race or gender. This helps us to attract, develop and retain an inclusive and driven workforce. We provide our employees with fair opportunity to demonstrate their diverse knowledge, skill and experience. Our employees go through performance appraisals such that we can recognise and reward them on their performances and contributions, and we can further develop their skills through trainings.

Well-Being & Benefits

The health and well-being of our employees are of utmost importance to our Group. We ensure that employees get enough rest through the spacing of working shifts. We also monitor overtime hours to ensure strict compliance of the jurisdiction's employment law.

We perform frequent checks on employees who are provided accommodation and check that the living conditions are of a reasonable standard. We also proactively seek feedback regarding improvements to our workplace to facilitate a more conducive working environment to our employees. In response to the Covid-19 pandemic, we strongly encourage employees to monitor their health, to visit a doctor immediately when feeling unwell and to keep a safe distance from others.

Safety in the Workplace

Our plants and factories follow globally recognised health and safety practices. We regularly remind employees to adhere to these practices and educate them that these practices are for them and their co-workers' safety, to prevent occupational injuries due to negligence. We believe that employees feeling at ease in the workplace allows them to focus better at their tasks, hence increasing productivity.

SUSTAINABILITY REPORT

Communication

We foster a strong culture of collaboration and communication within the Group to better understand employees' concerns and expectations. We engage them regularly through departmental meetings and performance appraisals, where we gather feedback from them for the continuous improvement of our Group. In this way, we create a healthy organisation culture that promotes transparency, teamwork, trust and respect.

Performance

Our employment statistics for FY2020, FY2019* and FY2018* are displayed in the table below.

New Employee Hires Sorted By Age Groups	FY2020		FY2019		FY2018	
	Number	%	Number	%	Number	%
21 to 30	42	48.3	48	49.5	19	50.0
31 to 45	38	43.7	43	44.3	16	42.1
46 to 60	7	8.0	6	6.2	3	7.9
Above 60	–	–	–	–	–	–

New Employee Hires and Employee Turnover	FY2020		FY2019		FY2018	
	Female	Male	Female	Male	Female	Male
Number of employees	826	972	814	932	279	417
Gender distribution	45.9%	54.1%	46.6%	53.4%	39.9%	60.1%
Number of new employees	35	52	45	52	14	24
New employee hires rate	4.2%	5.3%	5.5%	5.6%	5.1%	5.8%
Number of resigned employees	26	41	45	62	13	24
Employees turnover rate	3.1%	4.2%	5.5%	6.7%	4.7%	5.8%

Target

For FY2021, we are committed to staff retention and to keep involuntary attrition as low as possible in view of the Covid-19 pandemic situation. We can achieve this by continuing to have fair employment practices, managing the well-being of employees and have strong communication with the employees.

* Certain employment statistics for FY2019 and FY2018 have been restated after internal verifications.

Occupational Health & Safety

Why is it Material?

The wellbeing and safety of our employees are of utmost importance. Manufacturing industries have a higher risk of workplace accidents as compared to other industries. During the Covid-19 pandemic, there is a need to take extra precautionary measures and implement additional operational protocols. At Jubilee, our employees are our valuable assets and are vital to our business functions. The health and well-being of our employees ultimately affect our Group's performance. Hence, we want our employees to be able to work at ease, and in an environment with stringent checks in place to ensure their safety.

Management Approach

Our policy in place for Occupational Health and Safety is developed in compliance with legislative requirement and using industrial best practices in the manufacturing industry. We have certified officers overseeing the safety in factories and bringing up areas of safety concern. We also periodically outsourced auditors to perform safety checks and review of our policy to ensure that we meet a satisfactory level of safety management.

We closely monitor any new high risk activities and near-miss incidents to ensure that our policy is kept current. All incidents are to be reported immediately to the management. Appropriate actions will be taken by the management based on the severity of the incident. All incidents must be documented and reported such that we can reflect on the cause of the incident and how can we take further precautionary measures to prevent the incident from happening again.

We believe that safety awareness begins with clear understanding of workplace hazards. Thus, we organise compulsory trainings for employees to enhance their understanding in workplace safety rules to be adhered to. It is also mandatory for personal protective equipment to be worn by employees in the factories. The training sessions help to embed safety into the culture and habit of our employees. Employees can also provide feedback and suggestion on any potential safety issues that they might have encountered during their course of work.

We remind employees frequently on workplace safety and convey safety measures and occupational health precautions through our regular meetings held with them. We also conduct fire drill exercises to ensure that employees are prepared and aware of the safety evacuation procedure in any event of emergencies.

Performance

In combatting the spread of Covid-19, we have implemented social distancing rules and staggered working hours. Employees are required to work from home wherever possible, to have daily temperature taking and submission sessions, and to use safe-entry or trace together application for checking into the offices and factories. In the workplace, we also mandate the wearing of masks and minimising physical interactions.

For FY2020, we are pleased to report that there were no fatalities and no major accidents as a result of our strict compliance with the policy established and our regular safety checks in place.

SUSTAINABILITY **REPORT**

Target

Looking forward in FY2021, our Group aims to have zero workplace fatalities as we continue to ensure a safe working environment for all employees. We will also take precautions by developing new procedures at the workplace to increase our state of preparedness and fine tune our Covid-19 responses.

With adherence to GRI 403: Occupational Health and Safety 2018, which will be effective 1 January 2021 onwards, we aim to include more performance indicators for reporting in the future. We will work to include reporting on work-related injuries and work-related ill-health, and include indicators such as the number of fatalities, injuries and ill-health from FY2021 onwards.

Global Reporting Initiative (GRI) Content Index

GRI Standards	Notes/ Page Reference
102-1 Name of the organisation	Jubilee Industries Holdings Ltd
102-2 Activities, brands, products, and services	Corporate Profile, page 2
102-3 Location of headquarters	Corporate Profile, page 2
102-4 Location of operations	Corporate Profile, page 2
102-5 Ownership and legal form	Corporate Profile, page 2
102-6 Markets served	Corporate Profile, page 2
102-7 Scale of the organisation	Corporate Profile, page 2 Operations and Financial Review, page 6 Employment, page 41
102-8 Information on employees and other workers	Employment, page 41
102-9 Supply chain	Corporate Profile, page 2
102-10 Significant changes to the organisation and its supply chain	No significant changes
102-11 Precautionary principle or approach	Jubilee Industries Holdings Ltd does not specifically refer to the precautionary principle
102-12 External initiatives	Jubilee Industries Holdings Ltd does not subscribe to any significant external initiatives
102-13 Membership of associations	No main memberships of industry or other associations, and national or international advocacy organisations maintained at organizational level
102-14 Statement from senior decision maker	Board Statement on Sustainability, page 35
102-16 Values, principles, standards, and norms of behaviour	Governance and Sustainability Approach, page 37
102-18 Governance structure	Board of Directors, page 10 Corporate Management, page 14
102-40 List of stakeholder groups	Stakeholder Engagement, page 37
102-41 Collective bargaining agreements	Nil
102-42 Identifying and selecting stakeholders	Stakeholder Engagement, page 37
102-43 Approach to stakeholder engagement	Stakeholder Engagement, page 37
102-44 Key topics and concerns raised	Stakeholder Engagement, page 37
102-45 Entities included in the consolidated financial statements	Investments in subsidiary corporations, page 91
102-46 Defining report content and topic boundaries	About This Report, page 36
102-47 List of material topics	Materiality Assessment, page 38
102-48 Restatements of information	Certain employment statistics have been restated after internal verifications, page 42
102-49 Changes in reporting	There were no changes
102-50 Reporting period	1 April 2019 to 31 March 2020
102-51 Date of most recent report	10 July 2019
102-52 Reporting cycle	Annual
102-53 Contact point for questions regarding the report	About This Report, page 36
102-54 Claims of reporting in accordance with the GRI Standards	About This Report, page 36
102-55 GRI content index	GRI Content Index, page 45
102-56 External assurance	About This Report, page 36

SUSTAINABILITY **REPORT**

Global Reporting Initiative (GRI) Content Index

GRI Standards	Notes/ Page Reference
Economic Performance	
103-1 Explanation of the material topic and its boundaries	Economic Performance, page 39 Operations and Financial Review, page 6
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
201-1 Direct Economic value generated and distributed	
Environmental Compliance	
103-1 Explanation of the material topic and its boundaries	Environmental Compliance, page 40
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
307-1 Non-compliance with environmental laws and regulations	
Employment	
103-1 Explanation of the material topic and its boundaries	Employment, page 41
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
401-1 New employee hires and employee turnover	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
Occupational Health and Safety	
103-1 Explanation of the material topic and its boundaries	Occupational Health & Safety, page 43
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
403-1 Workers representation in formal joint management – worker health and safety committees	
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
403-3 Workers with high incidence or high risk of diseases related to their occupation	
403-4 Health and safety topics covered in formal agreements with trade unions	

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 March 2020 and the statement of financial position of the Company as at 31 March 2020.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 54 to 130 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

Directors

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

Terence Tea Yeok Kian
Cheong Keng Chuan Alfred
Ng Siew Hoong Linus
Kang Pang Kiang (appointed on 22 October 2020)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

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

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at 31 March 2020	As at 1 April 2019	As at 31 March 2020	As at 1 April 2019
The Company				
(Number of ordinary shares)				
Terence Tea Yeok Kian	172,500	655,600	166,818,931	667,275,725
The immediate and ultimate holding corporation – Accrelist Ltd.				
(Number of ordinary shares)				
Terence Tea Yeok Kian	64,436,056	1,264,756,029	2,271,900	30,062,000

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

The directors' interests in the ordinary shares of the Company as at 21 April 2020 were the same as those as at 31 March 2020.

DIRECTORS' STATEMENT

Share plans

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

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

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

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

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

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

No awards have been issued during the financial year end and there were no awards outstanding as at beginning and end of the financial year.

(b) Share options

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

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

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

DIRECTORS' STATEMENT

Audit Committee ("AC")

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

Cheong Keng Chuan Alfred (Chairman)
Ng Siew Hoong Linus
Kang Pang Kiang

As at the date of this statement, the AC comprises all non-executive directors who are all independent, except for Mr Kang Pang Kiang who is the Group Chief Executive Officer of EG Industries Berhad, an associated company of the Group.

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

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

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

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

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

Independent Auditor

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

On behalf of the directors

Terence Tea Yeok Kian
Director

Cheong Keng Chuan Alfred
Director

10 November 2020

INDEPENDENT **AUDITOR'S REPORT**

To the Members of Jubilee Industries Holdings Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Jubilee Industries Holdings Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2020. 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.

INDEPENDENT **AUDITOR'S REPORT**

To the Members of Jubilee Industries Holdings Ltd.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
Revenue Recognition (Refer to Note 2.2 and Note 4 to the financial statements) The Group's revenue is primarily generated from: (i) sale of electronic components and provision of precision plastic injection moulding services which is recognised when the Group satisfied its performance obligation by transferring the control of the promised goods to the customers, which is when the goods are delivered to the destination specified by the customers, typically refers to the incoterms specified in the contract; and (ii) provision of design, fabrication and sale of precision plastic injection moulds where the Group is restricted contractually from directing the moulds for another use as they are being produced and the Group has enforceable right to payment for performance completed to-date, revenue is recognised over time based on percentage of completion which is measured by reference to the stages of mould manufacturing process completed to-date. During the financial year ended 31 March 2020, the Group recognised revenue of S$133,839,000. We focused on this area as a key audit matter as there is a presumed fraud risk with regards to revenue recognition and revenue is one of the key performance indicators of the Group. The potential existence of management override controls and large volume of transactions also increase the risk of material misstatement in the amount of revenue reported.	In obtaining sufficient audit evidence, the following procedures have been performed: • Obtained samples of contracts with customers and reviewed the terms and conditions, along with discussion with management, to assess the Group's revenue recognition policy in accordance with SFRS(I) 15, in particular the identification of performance obligations, and the timing of revenue recognition (i.e. at a point in time or over time). • Discussed with management on the processes involved in the sales cycle for each revenue stream and performed walkthrough tests to consolidate our understanding. • Performed test of controls over the sales cycle to ascertain the effectiveness of such key controls. • Performed test of details and sales cut-off tests to ascertain that the sales have been accurately taken up in the correct financial year. • Performed analytical review by comparing the current financial year performance to prior financial year. • Reviewed the adequacy of disclosures in the notes to the financial statements.

INDEPENDENT **AUDITOR'S REPORT**

To the Members of Jubilee Industries Holdings Ltd.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, 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.

INDEPENDENT **AUDITOR'S REPORT**

To the Members of Jubilee Industries Holdings Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 director on the audit resulting in this independent auditor's report is Titus Kuan Tjian.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
10 November 2020

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 31 March 2020

	Note	Group 2020 S$'000	Group 2019 S$'000
Revenue	4	133,839	163,691
Cost of sales		(127,092)	(150,907)
Gross profit		6,747	12,784
Other income			
- Interest income from bank deposits		7	28
- Others	5	251	213
Other (losses)/gains - net			
- Impairment loss on financial assets at amortised cost	35(b)	(392)	(184)
- Others	6	(322)	1,072
Expenses			
- Distribution and marketing		(915)	(1,425)
- Administrative		(7,914)	(8,727)
- Finance	9	(1,136)	(1,081)
Share of profit of associated company	19	88	662
(Loss)/profit before income tax		(3,586)	3,342
Income tax expense	10(a)	(260)	(463)
Net (loss)/profit		(3,846)	2,879
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation – gains	30(b)(i)	116	891
Items that will not be reclassified subsequently to profit or loss:			
- Fair value loss on financial assets, at FVOCI	30(b)(ii)	(495)	(258)
- Share of associated company's fair value losses on financial asset, at FVOCI	30(b)(ii)	(89)	(77)
Other comprehensive (loss)/income, net of tax		(468)	556
Total comprehensive (loss)/income		(4,314)	3,435
Net (loss)/profit attributable to:			
Equity holders of the Company		(4,017)	2,705
Non-controlling interests		171	174
		(3,846)	2,879
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(4,485)	3,261
Non-controlling interests		171	174
		(4,314)	3,435
(Loss)/earnings per share attributable to equity holders of the Company (cents per share)			
- Basic and diluted	11	(1.59)	1.10

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENTS OF **FINANCIAL POSITION**

As at 31 March 2020

	Note	Group 2020 S$'000	Group 2019 S$'000
ASSETS			
Current assets			
Cash and cash equivalents	12	8,372	5,334
Financial assets, at FVPL	13	33	33
Financial assets, at FVOCI	14	482	934
Trade and other receivables	15	29,489	30,547
Inventories	16	9,082	20,193
Other current assets	17	8,015	8,763
		55,473	65,804
Non-current assets			
Financial assets, at FVOCI	14	47	90
Investment in associated company	19	11,316	11,301
Property, plant and equipment	20	7,467	7,460
Intangible assets	22	1,769	2,167
		20,599	21,018
Total assets		76,072	86,822
LIABILITIES			
Current liabilities			
Trade and other payables	23	22,635	25,758
Current income tax liabilities	10(b)	477	326
Borrowings	24	13,055	18,692
		36,167	44,776
Non-current liabilities			
Borrowings	24	2,239	46
Deferred income tax liabilities	10(c)	96	116
		2,335	162
Total liabilities		38,502	44,938
NET ASSETS		**37,570**	**41,884**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	74,429	73,279
Treasury shares	26	(736)	(736)
Warrants reserve	27	–	1,150
Statutory reserve	28	2,257	2,257
Capital reserve	29	(142)	(142)
Other reserves	30	109	577
Accumulated losses		(39,638)	(35,621)
		36,279	40,764
Non-controlling interests	18	1,291	1,120
TOTAL EQUITY		**37,570**	**41,884**

The accompanying notes are an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Note	Company 2020 S$'000	Company 2019 S$'000
ASSETS			
Current assets			
Cash and cash equivalents	12	34	117
Financial assets, at FVOCI	14	482	934
Trade and other receivables	15	18,403	21,970
Other current assets	17	11	3
		18,930	23,024
Non-current assets			
Financial assets, at FVOCI	14	47	90
Investments in subsidiary corporations	18	24,456	24,456
Investment in associated company	19	10,934	10,934
Property, plant and equipment	20	1	1
Intangible assets	22	–	8
		35,438	35,489
Total assets		54,368	58,513
LIABILITIES			
Current liabilities			
Trade and other payables	23	14,171	13,818
Borrowings	24	1,446	2,698
		15,617	16,516
Non-current liabilities			
Borrowings	24	2,000	–
Total liabilities		17,617	16,516
NET ASSETS		**36,751**	**41,997**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	74,429	73,279
Treasury shares	26	(736)	(736)
Warrants reserve	27	–	1,150
Capital reserve	29	(142)	(142)
Other reserves	30	(1,547)	(1,052)
Accumulated losses	31	(35,253)	(30,502)
TOTAL EQUITY		**36,751**	**41,997**

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 March 2020

		Attributable to equity holders of the Company									
	Note	Share capital S$'000	Treasury shares S$'000	Warrants reserve S$'000	Statutory reserve S$'000	Capital reserve S$'000	Other reserves S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total Equity S$'000
2020											
Beginning of financial year		73,279	(736)	1,150	2,257	(142)	577	(35,621)	40,764	1,120	41,884
Total comprehensive income/ (loss) for the financial year		–	–	–	–	–	(468)	(4,017)	(4,485)	171	(4,314)
Transfer upon expiration of warrants	26	1,150	–	(1,150)	–	–	–	–	–	–	–
End of financial year		74,429	(736)	–	2,257	(142)	109	(39,638)	36,279	1,291	37,570
2019											
Beginning of financial year		70,279	(736)	1,150	2,257	(142)	(85)	(38,220)	34,503	–	34,503
Total comprehensive income for the financial year		–	–	–	–	–	556	2,705	3,261	174	3,435
Transfer upon disposal of financial assets	30(b)(ii)	–	–	–	–	–	106	(106)	–	–	–
Issuance of placement shares	26	1,000	–	–	–	–	–	–	1,000	–	1,000
Issuance of new ordinary shares for acquisition of subsidiary corporations	26, 37(a)	2,000	–	–	–	–	–	–	2,000	946	2,946
End of financial year		73,279	(736)	1,150	2,257	(142)	577	(35,621)	40,764	1,120	41,884

Warrants reserve, other reserves, statutory reserve and capital reserve are non-distributable.

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 March 2020

		Group	
		2020	2019
	Note	S$'000	S$'000
Cash flows from operating activities			
Net (loss)/profit		(3,846)	2,879
Adjustment for:			
- Income tax expense	10(a)	260	463
- Amortisation, impairment and depreciation	7	1,734	1,206
- Loss on disposal of property, plant and equipment	6	–	1
- Inventories written down	7	333	–
- Gain from bargain purchase	6	–	(1,124)
- Share of profit of associated company	19	(88)	(662)
- Dividend income	5	(13)	(9)
- Interest income – bank deposits		(7)	(28)
- Interest expense	9	1,136	1,081
- Unrealised currency translation losses		68	692
		(423)	4,499
Changes in working capital:			
- Trade and other receivables		1,058	(867)
- Inventories		10,778	(3,910)
- Other current assets		748	(186)
- Trade and other payables		(3,143)	(12,374)
Cash generated from/(used in) operations		9,018	(12,838)
Interest paid		(160)	(152)
Income tax paid	10(b)	(129)	(211)
Net cash provided by/(used in) operating activities		8,729	(13,201)
Cash flows from investing activities			
Acquisition of subsidiary corporations, net of cash acquired	37(b)	–	(1,528)
Additions to intangible assets	22	–	(2)
Additions to investment in associated company	19	–	(342)
Additions to property, plant and equipment		(353)	(594)
Disposal of financial assets, at FVOCI	14	–	120
Disposal of property, plant and equipment		–	8
Dividend received		13	9
Interest received		7	28
Net cash used in investing activities		(333)	(2,301)

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 March 2020

	Note	Group 2020 S$'000	Group 2019 S$'000
Cash flows from financing activities			
(Repayment)/drawdown of bank borrowings		(4,570)	10,982
Repayment of loan from immediate and ultimate holding corporation		(925)	(17)
Repayment of lease liabilities		(419)	–
Loan from non-related party		2,000	–
Repayment of finance lease liabilities		–	(29)
Interest paid		(956)	(880)
Withdrawal of short-term bank deposits		–	1,667
Net cash (used in)/provided by financing activities		(4,870)	11,723
Net increase/(decrease) in cash and cash equivalents		3,526	(3,779)
Cash and cash equivalents			
Beginning of financial year		2,635	6,441
Effect of currency translation on cash and cash equivalents		6	(27)
End of financial year	12	6,167	2,635

Reconciliation of liabilities arising from financing activities

	1 April 2019 S$'000	Proceeds from borrowings S$'000	Principal and interest payments S$'000	Non-cash changes: Adoption of SFRS(I) 16 S$'000	Non-cash changes: Addition during the year S$'000	Non-cash changes: Interest expense S$'000	Non-cash changes: Foreign exchange movement S$'000	31 March 2020 S$'000
Bank borrowings	16,015	1,000	(6,462)	–	–	892	–	11,445
Lease liabilities	57	–	(463)	929	130	44	4	644
Loan from immediate and ultimate holding corporation	925	–	(945)	–	–	20	–	–
Loan from non-related party	–	2,000	–	–	–	20#	–	2,020

 # Amount included under interest payable

	1 April 2018 S$'000	Principal and interest receipts/ (payments) S$'000	Non-cash changes: Acquisition of subsidiary corporations S$'000	Non-cash changes: Addition during the year S$'000	Non-cash changes: Interest expense S$'000	31 March 2019 S$'000
Bank borrowings	4,533	10,102	500	–	880	16,015
Finance lease liabilities	*	(29)	–	83	3	57
Loan from immediate and ultimate holding corporation	896	(17)	–	–	46	925

*Amount less than S$1,000

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

1 Corporate information

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations are disclosed in Note 18.

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

2 Summary of significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2019

On 1 April 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 *Leases*:

Adoption of SFRS(I) 16 *Leases*

(a) When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.16 to the financial statements.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of SFRS(I) 16 *Leases* (continued)

(a) When the Group is the lessee (continued)

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

(i) For all contracts entered into before 1 April 2019 and that were previously identified as leases under SFRS(I) 1-17 Leases and SFRS(I) INT 4 – Determining whether an Arrangement contains a Lease, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

(ii) On a lease-by-lease basis, the Group has:

(a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;

(c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;

(d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and

(e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

For leases previously classified as operating leases on 1 April 2019, the Group has applied the following transition provisions:

(i) On a lease-by-lease basis, the Group chose to measure its ROU assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 April 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

(iii) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 April 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of SFRS(I) 16 *Leases* (continued)

(a) When the Group is the lessee (continued)

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 April 2019 are as follows:

	Increase S$'000
Property, plant and equipment (Note 20)	872
Lease liabilities	929

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 March 2019 and the lease liabilities recognised in the statement of financial position as at 1 April 2019 are as follows:

	S$'000
Operating lease commitment disclosed as at 31 March 2019	964
Less: Short-term and low-value leases	(66)
Less: Discounting effects using various weighted average incremental borrowing rate from 3.86% to 11.06%	(26)
Add: Reclassification of finance lease liabilities to lease liabilities	57
Lease liabilities recognised as at 1 April 2019	929

2.2 Revenue recognition

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

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

2 Summary of significant accounting policies (continued)

2.2 Revenue recognition (continued)

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

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

Revenue is recognised at a point in time when the Group satisfied its performance obligation by transferring the control of a promised goods to the customer, which is when the goods are delivered to the destination specified by the customer, typically refers to the incoterms specified in the contract. Revenue is measured based on consideration specified in the contract with a customer to which the Group expects to be entitled in exchange for transferring promised goods to a customer.

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

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

Revenue is recognised at point in time when the Group satisfied its performance obligation by transferring the control of a promised goods to the customer, which is when the goods are delivered to the destination specified by the customer, typically refers to the incoterms specified in the contract. Revenue is measured based on consideration specified in the contract with a customer to which the Group expects to be entitled in exchange for transferring promised goods to a customer.

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

The Group manufactures and supplies moulds for manufacturers. As the Group is restricted contractually from directing the moulds for another use as they are being produced and the Group has enforceable right to payment for performance completed to-date, revenue is recognised over time, based on the stages of mould manufacturing process completed to-date.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified manufacturing milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has the received advanced payments from customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently recognised in profit or loss as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expense.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.2 Revenue recognition (continued)

(c) *Service income*

Service income is recognised at a point in time, i.e. when services are rendered.

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.3 Government grants

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

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as "Other (losses)/gains – net".

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

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

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

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

2 Summary of significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

When the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference – often referred to as "bargain purchase" – is recognised in profit or loss.

(iii) Disposals

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.4 Group accounting (continued)

(b) *Transactions with non-controlling interests*

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

(c) *Associated company*

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

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

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

– representation on the board of directors or equivalent governing body of the investee;

– participation in policy-making processes, including participation in decisions about dividends or other distributions;

– material transactions between the investor and the investee;

– interchange of managerial personnel; or

– provision of essential technical information.

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

(i) *Acquisitions*

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated company (continued)

(ii) Equity method of accounting

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

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

(iii) Disposals

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

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

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) Components of costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(b) Depreciation

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

	Useful Lives
Leasehold properties	Over respective lease terms of 20 years
Buildings	Over respective lease terms from 2 to 3 years
Plant and machinery	5 - 10 years
Motor vehicles	5 years
Office equipment and tools	5 years
Furniture and electrical fittings	5 years
Renovations	5 years

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

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

(d) Disposal

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

2.6 Intangible assets

(a) *Acquired computer software licenses*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.6 Intangible assets (continued)

(b) *Distribution rights*

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

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

2.7 Borrowing costs

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

2.8 Investments in subsidiary corporations and associated company

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

2.9 Impairment of non-financial assets

Property, plant and equipment
Right-of-use assets
Intangible assets
Investments in subsidiary corporations and associated company

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

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.10 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

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

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables. Depending on the Group's business model for managing the asset and the cash flow characteristics of the asset, the subsequent measurement are as follows:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other (losses)/gains – net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "Interest income from bank deposits".

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement (continued)

(i) Debt instruments (continued)

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other (losses)/gains – net".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investment are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other (losses)/gains – net", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "Fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The credit risk note details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss is there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.11 Offsetting of financial instruments

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

2.12 Financial guarantees

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

Intra-group transactions are eliminated on consolidation.

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

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

2.13 Borrowings

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

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

2.14 Trade and other payables

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

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

2.15 Fair value estimation of financial assets and liabilities

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

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

2 Summary of significant accounting policies (continued)

2.16 Leases

(a) The accounting policy for leases before 1 April 2019 are as follows:

When the Group is the lessee:

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

- *Lessee - Finance leases*

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

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

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

- *Lessee - Operating leases*

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

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

(b) The accounting policy for leases after 1 April 2019 are as follows:

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.16 Leases (continued)

(b) The accounting policy for leases after 1 April 2019 are as follows: (continued)

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

– Fixed payment (including in-substance fixed payments), less any lease incentives receivables;

– Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;

– Amount expected to be payable under residual value guarantees

– The exercise price of a purchase option if is reasonably certain to exercise the option; and

– Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

– There is a change in future lease payments arising from changes in an index or rate;

– There is a change in the Group's assessment of whether it will exercise an extension option; or

– There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.17 Inventories

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

Cost of raw materials, work-in-progress, finished goods and trading goods are determined using the weighted average basis, except for cost of work-in-progress for MDF projects, which are determined on a specific identification basis.

Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

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

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to stiuations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.19 Provisions for other liabilities and charges

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

A provision is made using best estimate of the amount recognised in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

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

2.20 Employee compensation

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

(a) *Defined contribution plans*

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

(b) *Defined benefit plans*

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date less than fair value of the plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency and the country in which the benefits will be paid, and have tenures approximately to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise. The experience adjustments are not to be reclassified to profit or loss in a subsequent period.

Past service costs are recognised immediately in profit or loss

(c) *Share-based compensation*

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

2 Summary of significant accounting policies (continued)

2.21 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

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

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

(c) *Translation of Group entities' financial statements*

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2 Summary of significant accounting policies (continued)

2.22 Segment reporting

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

2.23 Cash and cash equivalents

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

2.24 Share capital and treasury shares

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

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

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

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

3 Critical accounting estimates, assumptions and judgements

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

(a) Impairment of trade receivables

As at 31 March 2020, the carrying amount of trade receivables relating to the Group's different revenue segments – EBU and MBU before impairment loss is S$25,332,000 (2019: S$29,380,000).

The Group uses a provision matrix to measure the lifetime expected credit loss ("ECL") allowance for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances. The forecast economic conditions and Group's historical credit loss experience may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables are disclosed in Note 35(b) to the financial statements.

(b) Classification of associated company

Judgement is required to determine when the Group establishes significant influence over an investee. Management reviews the classification of EG Industries Sdn Bhd. ("EG") as an associated company at least annually and also whenever there are any changes to the percentage of shareholdings. The Group is presumed to not have significant influence if they hold, directly or indirectly, less than 20% of the voting power of the investee. The Company currently holds 13.77% (2019: 13.96%) of the ordinary shares of EG which is less than 20%. Management has assessed that the Group still has significant influence over EG due to the Group's voting power (both through its equity holding and its representation on the Board of EG).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

4 Revenue

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	At a point in time S$'000	Over time S$'000	Total S$'000
2020			
Electronic components distribution business unit ("EBU")			
- People's Republic of China	62,090	–	62,090
- United States of America	2,607	–	2,607
- India	1,934	–	1,934
- Singapore	10,669	–	10,669
- Malaysia	2,909	–	2,909
- Indonesia	336	–	336
- Thailand	9,835	–	9,835
- Vietnam	10,573	–	10,573
- Other countries	8,214	–	8,214
	109,167	–	109,167
Mechanical business unit ("MBU")			
- Singapore	6,649	357	7,006
- Malaysia	4,420	330	4,750
- Indonesia	11,420	172	11,592
- Other countries	1,214	110	1,324
	23,703	969	24,672
	132,870	969	133,839

4 Revenue (continued)

(a) Disaggregation of revenue from contracts with customers (continued)

	At a point in time S$'000	Over time S$'000	Total S$'000
2019			
Electronic components distribution business unit ("EBU")			
- People's Republic of China	71,037	–	71,037
- United States of America	7,408	–	7,408
- India	6,820	–	6,820
- Singapore	21,573	–	21,573
- Malaysia	10,724	–	10,724
- Indonesia	582	–	582
- Thailand	8,764	–	8,764
- Vietnam	9,692	–	9,692
- Other countries	8,425	–	8,425
	145,025	–	145,025
Mechanical business unit ("MBU")			
- Singapore	7,961	563	8,524
- Malaysia	5,648	88	5,736
- Indonesia	4,118	–	4,118
- Other countries	57	231	288
	17,784	882	18,666
	162,809	882	163,691

(b) Contract assets

	Group 2020 S$'000	Group 2019 S$'000
Contract assets		
- MBU contracts (Note 15)	342	–

Contract assets relate to MBU contracts increased as the Group provided more services and transferred more goods ahead of the agreed payment schedule.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

5 Other income

	Group	
	2020	2019
	S$'000	S$'000
Government grants		
- Temporary employment credit	–	4
- Special employment credit	4	11
- Productivity and Innovation Credit cash payout	–	1
- Wage credit scheme	16	18
Dividend income on financial asset, at FVOCI	13	9
Sales of scrap and other materials	110	99
Service income	46	*
Others	62	71
	251	213

* Amount less than S$1,000.

6 Other (losses)/gains - net

	Group	
	2020	2019
	S$'000	S$'000
Loss on disposal of property, plant and equipment	–	(1)
Currency exchange losses - net	(322)	(51)
Gain from bargain purchase (Note 37(c))	–	1,124
	(322)	1,072

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

7 Expenses by nature

	Group	
	2020	2019
	S$'000	S$'000
Purchase of inventories	105,026	146,356
Amortisation of intangible assets (Note 22(d))	398	467
Depreciation of property, plant and equipment (Note 20)	1,336	739
Total amortisation and depreciation	1,734	1,206
Bad debts written off	–	15
Commission expenses	471	750
Directors' fees	159	159
Employee compensation (Note 8)	10,811	9,442
Fees on audit services paid/payable to:		
- Auditor of the Company	170	166
- Other auditors*	43	46
Fees on non-audit services paid/payable to auditor of the Company	18	20
Total fees on audit and non-audit services	231	232
Freight charges	629	649
Inventories written-down	333	–
Packing materials	79	73
Professional fees	318	708
Rental expenses	38	563
Travelling, transportation and entertainment	472	603
Utilities	2,118	1,571
Workshop, repair and maintenance	806	623
Changes in inventories	10,778	(3,931)
Other expenses	1,918	2,040
Total cost of sales, administrative, and distribution and marketing expenses	135,921	161,059

* Includes the network of member firms of Nexia International.

8 Employee compensation

	Group	
	2020	2019
	S$'000	S$'000
Wages and salaries	9,402	8,357
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	565	621
Defined benefits (Note 23)	387	(9)
Other short-term benefits	457	473
	10,811	9,442

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

9 Finance expenses

	Group	
	2020	2019
	S$'000	S$'000
Interest expense:		
- Bank overdraft	101	78
- Bank borrowings	892	880
- Lease liabilities (Note 21(b))	44	3
- Loan from immediate and ultimate holding corporation	20	46
- Loan from a related party	59	74
- Loan from a non-related party	20	–
	1,136	1,081

10 Income tax expense

(a) Income tax expense

	Group	
	2020	2019
	S$'000	S$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	23	215
- Foreign	119	36
	142	251
Deferred income tax (Note 10(c))	(20)	(13)
Under provision in prior financial year		
- Current income tax - Foreign	138	225
	260	463

10 Income tax expense (continued)

(a) Income tax expense (continued)

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

	Group	
	2020	**2019**
	S$'000	**S$'000**
(Loss)/profit before income tax	(3,586)	3,342
Less: Share of profit of associated company, net of tax (Note 19)	(88)	(662)
(Loss)/profit before income tax and share of profit of associated company	(3,674)	2,680
Tax calculated at tax rate of 17% (2019: 17%)	(625)	456
Effects of:		
- Different tax rate in other countries	81	*
- Expenses not deductible for tax purposes	1,353	732
- Income not subject to tax	(1,373)	(718)
- Tax exemption	–	(79)
- Utilisation of previously unrecognised capital allowances and tax losses	(152)	(442)
- Deferred tax assets not recognised	828	293
- Under provision in prior financial year	138	225
- Others	10	(4)
	260	463

(b) Movement in current income tax liabilities

	Group	
	2020	**2019**
	S$'000	**S$'000**
Beginning of financial year	326	1
Acquisition of subsidiary corporations (Note 37(c))	–	60
Income tax paid	(129)	(211)
Current income tax	142	251
Under provision in prior financial year	138	225
End of financial year	477	326

*Amount less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

10 Income tax expense (continued)

(c) Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position as follows:

	Group	
	2020	**2019**
	S$'000	**S$'000**
Deferred tax liabilities	96	116

Movement in deferred income tax liabilities account is as follows:

	Group	
	2020	**2019**
	S$'000	**S$'000**
Fair value of property, plant and equipment		
Beginning of financial year	116	–
Acquisition of subsidiary corporations (Note 37(c))	–	129
Tax credited to profit or loss (Note 10(a))	(20)	(13)
End of financial year	96	116

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of approximately S$22,230,000 (2019: S$18,292,000) and S$2,808,000 (2019: S$2,737,000) respectively at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date except for tax losses amounted to approximately S$10,438,000 and S$109,000 (2019: S$11,594,000 and S$108,000) which can only be carried forward up to 5 and 7 years respectively.

11 Earnings per share

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

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: warrants.

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

11 Earnings per share (continued)

	2020 S$'000	2019 S$'000
Net (loss)/profit attributable to equity holders of the Company	(4,017)	2,705
Weighted average number of ordinary shares outstanding for basic earnings per share	253,437	244,984*
Basic and diluted (loss)/earnings per share (cents per share)	(1.59)	1.10

There were no outstanding warrants as at financial year ended 31 March 2020. All outstanding warrants were expired on 28 February 2020.

During the previous financial year, the outstanding warrants were not assumed to be exercised because they were anti-dilutive during the financial year ended 31 March 2019 where the exercise price of S$0.045 per unit exceeded the average market price of S$0.027 per unit and no changes was made to the diluted earnings per share.

* Due to the share consolidation as disclosed in Note 26 of these financial statements, the comparative weighted average number of ordinary shares and earnings per share have been restated.

12 Cash and cash equivalents

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Cash and bank balances	7,372	4,376	34	117
Short-term bank deposits	1,000	958	–	–
	8,372	5,334	34	117

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

	Group	
	2020 S$'000	2019 S$'000
Cash and bank balances (as above)	8,372	5,334
Less: Bank deposits pledged for banking facilities	(1,000)	(958)
Less: Bank overdrafts (Note 24)	(1,205)	(1,741)
Cash and cash equivalents per consolidated statement of cash flows	6,167	2,635

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

Please refer to Note 37(b) for the effect of acquisition of subsidiary corporations on cash flows of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

13 Financial assets, at FVPL

	Group	
	2020	2019
	S$'000	S$'000
Listed equity securities - Singapore	33	33

The instruments are all mandatorily measured at fair value through profit or loss.

14 Financial assets, at FVOCI

	Group and Company	
	2020	2019
	S$'000	S$'000
Beginning of financial year	1,024	1,402
Disposals	–	(120)
Fair value loss recognised in other comprehensive income (Note 30(b)(ii))	(495)	(258)
End of financial year	529	1,024

Financial assets, at FVOCI are analysed as follows:

	Group and Company	
	2020	2019
	S$'000	S$'000
Listed securities - Malaysia		
Current		
- Quoted redeemable convertible preference shares (Note a)	482	934
Non-current		
- Quoted equity securities (Note b)	47	90
	529	1,024

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

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

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

14 Financial assets, at FVOCI (continued)

(b) The Company held (i) 15,300 (2019: 15,300) shares in a listed company in Malaysia, which is primarily involved in the manufacturing and marketing of steel coils and (ii) 342,000 (2019: 342,000) shares in a listed company in Malaysia, which is primarily involved in the real estate developments.

The Group has elected to measure the above financial assets at FVOCI due to management's intention to hold these financial assets for strategic investment purpose.

15 Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	S$'000	S$'000	S$'000	S$'000
Trade receivables				
- Non-related parties	23,742	29,102	–	–
- Related parties	1,248	278	–	–
	24,990	29,380	–	–
Contract assets (Note 4(b))	342	–	–	–
	25,332	29,380	–	–
Less: Loss allowance (Note 35(b))				
- Non-related parties	(722)	(325)	–	–
Trade receivables - net	24,610	29,055	–	–
Non-trade receivables				
- Non-related parties	573	1,046	–	6
- Subsidiary corporations	–	–	32,034	30,983
- Immediate and ultimate holding corporation	3,803	–	–	–
- Related parties	–	102	–	–
	4,376	1,148	32,034	30,989
Less: Loss allowance (Note 35(b))				
- Non-related parties	–	(303)	–	–
- Subsidiary corporations	–	–	(13,631)	(9,019)
Non-trade receivables - net	4,376	845	18,403	21,970
Advance to suppliers	503	647	–	–
	29,489	30,547	18,403	21,970

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

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For the financial year ended 31 March 2020

16 Inventories

	Group	
	2020	2019
	S$'000	S$'000
Raw materials	1,029	829
Work-in-progress	1	–
Finished goods	1,337	988
Trading goods	6,715	18,376
	9,082	20,193

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S$116,137,000 (2019: S$142,425,000).

17 Other current assets

	Group		Company	
	2020	2019	2020	2019
	S$'000	S$'000	S$'000	S$'000
Deposits	599	1,046	3	3
Prepayments	116	417	8	–
Properties held-in-trust (Note a)	7,300	7,300	–	–
	8,015	8,763	11	3

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

As the loans provided by each financial institution to WEC for the Excluded Properties were not directly transferable to the Vendor, the Excluded Properties continued to be presented as "Non-current assets classified as held-for-sale" on the Statements of Financial Position as at 1 April 2018.

During the financial year ended 31 March 2019, WEC had agreed in-principal to accept the terms of the new financing from another financial institution with the Excluded Properties to be pledged as collateral to secure the banking facilities.

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

18 Investments in subsidiary corporations

	Company	
	2020	**2019**
	S$'000	**S$'000**
Equity investments at cost		
Beginning of financial year	45,966	42,966
Additions (Note 37(a))	–	3,000
End of financial year	45,966	45,966
Allowance for impairment loss		
Beginning of financial year	21,510	25,505
Reversal of impairment loss	–	(3,995)
End of financial year	21,510	21,510
Net carrying amount	24,456	24,456

Details of subsidiary corporations are as follows:

Name	**Country of incorporation/ Principal place of business**	**Principal activities**	**Proportion of ordinary shares directly held by parent**		**Proportion of ordinary shares directly held by Group**	
			2020	**2019**	**2020**	**2019**
			%	**%**	**%**	**%**
Held by the Company						
Jubilee Industries (S) Pte Ltd [(a)]	Singapore	Manufacturer and dealer of precision plastic and metal mould	100	100	100	100
E'Mold Holding Pte Ltd [(a)]	Singapore	Investment holding	100	100	100	100
J Capital Pte Ltd [(a)]	Singapore	Investment holding	100	100	100	100
WE Components Pte Ltd [(a)]	Singapore	Trading in electronic components	100	100	100	100
Honfoong Plastic Industries Pte Ltd [(a)]	Singapore	Manufacturer and dealer of precision plastic and metal mould	70	70	70	70

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For the financial year ended 31 March 2020

18 Investments in subsidiary corporations (continued)

Details of subsidiary corporations are as follows: (continued)

Name	Country of incorporation/ Principal place of business	Principal activities	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by Group	
			2020	2019	2020	2019
			%	%	%	%
Held by subsidiary corporations						
We Total Engineering Sdn Bhd [(b)]	Malaysia	Manufacturer and dealer of precision plastic and metal mould	100	100	100	100
E'Mold Manufacturing (Kunshan) Co. Ltd [(e)]	People's Republic of China	Manufacturer and dealer of precision plastic and metal mould	100	100	100	100
WE Components (Shanghai) Co Ltd [(c)] (Audited by Shangzi Certified Public Accountants Co., Ltd)	People's Republic of China	Trading in electronic components	100	100	100	100
WE Components Co Ltd [(c)] (Audited by BZY Audit (Thailand) Limited)	Thailand	Trading in electronic components	100	100	100	100
WE Components (Hong Kong) Limited [(d)]	Hong Kong	Trading in electronic components	100	100	100	100
WE Components (Shenzhen) Co Ltd [(e)]	People's Republic of China	Trading in electronic components	100	100	100	100
Kin Wai Technology Ltd [(e)]	British Virgin Islands/ People's Republic of China	Trading in electronic components	100	100	100	100

18 Investments in subsidiary corporations (continued)

Details of subsidiary corporations are as follows: (continued)

Name	Country of incorporation/ Principal place of business	Principal activities	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by Group	
			2020	2019	2020	2019
			%	%	%	%
Held by subsidiary corporations (continued)						
WE Microelectronics Pte Ltd [(a)]	Singapore	Trading in electronic components	100	100	100	100
WE Components (Penang) Sdn Bhd [(c)] (Audited by Moore Stephens Associates PLT)	Malaysia	Trading in electronic components	100	100	100	100
WE Components India Pvt Ltd [(c)] (Audited by Arts & Co)	India	Trading in electronic components	100	100	100	100
PT Honfoong Plastic Industries [(f)]	Indonesia	Manufacturer and dealer of precision plastic and metal mould	100	100	70	70

(a) Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International.

(b) For the purpose of preparing the consolidated financial statements, financial statements of We Total Engineering Sdn Bhd have been audited by Nexia TS Public Accounting Corporation.

(c) Audited by other independent auditors other than member firms of Nexia International for local statutory audit purposes. Their names are indicated as above.

(d) Audited by Fan, Chan & Co. Limited, a member firm of Nexia International for consolidation purposes.

(e) The subsidiary corporations are dormant and do not require an audit. They are not significant to the Group.

(f) Audited by Nexia KPS – Kanaka Puradiredja, Suhartono, a member firm of Nexia International for local statutory audit purpose. For the purpose of preparing the consolidated financial statements, financial statements of PT Honfoong Plastic Industries have been audited by Nexia TS Public Accounting Corporation.

As required by Rule 715 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the audit committee and the board of directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiary corporations would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

18 Investments in subsidiary corporations (continued)

Significant restrictions

Cash and cash equivalents of S$934,000 (2019: S$489,000) are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Carrying value of non-controlling interests

	2020 S$'000	2019 S$'000
Honfoong Plastic Industries Pte Ltd and its subsidiary corporations ("Honfoong Group")	1,291	1,120

Summarised financial information of Honfoong Group

Set out below are the summarised financial information of Honfoong Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	2020 S$'000	2019 S$'000
Current		
Assets	5,655	3,886
Liabilities	(6,976)	(5,715)
Total current net liabilities	(1,321)	(1,829)
Non-current		
Assets	620	544
Liabilities	(15)	–
Total non-current net assets	605	544
Net liabilities	(716)	(1,285)

Summarised statement of comprehensive income

	2020 S$'000	2019 S$'000
Revenue	18,737	10,197
Profit before income tax	686	805
Income tax expense	(117)	(225)
Net profit	569	580
Other comprehensive income	–	–
Total comprehensive income	569	580
Total comprehensive income allocated to non-controlling interests	171	174

18 Investments in subsidiary corporations (continued)

Summarised cash flows statement

	2020 S$'000	2019 S$'000
Net cash provided by operating activities	219	169
Net cash used in investing activities	(157)	(30)
Net cash used in financing activities	(38)	(101)

19 Investment in associated company

	Group		Company	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Beginning of financial year	11,301	10,166	10,934	10,592
Additions	–	342	–	342
Share of profit	88	662	–	–
Share of other comprehensive (loss)/income (Note 30(b))	(73)	132	–	–
Currency translation differences	–	(1)	–	–
End of financial year	11,316	11,301	10,934	10,934

Set out below is the associated company of the Group and the Company as at 31 March 2020. The associated company as listed below has share capital solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Principal activities	Country of incorporation	% of ownership interest 2020	2019
EG Industries Berhad [(a)]	Provision of electronics manufacturing services for electronics, electrical, telecommunication and automotive industries products	Malaysia	13.77%	13.96%

(a) Audited by UHY Chartered Accountants, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

19 Investment in associated company (continued)

Part of the Company's investment in associated company amounting to S$8,836,000 (2019: S$5,905,000) has been pledged as security for the Company's margin facility account (Note 24). Under the terms and conditions of the letter of offer, the Company is prohibited from disposing of this investment or subjecting it to further charges without furnishing a replacement security of similar value.

During the financial year ended 31 March 2020, certain RCPS holders of EG Industries Berhad ("EG") converted the RCPS to ordinary shares. The Company did not convert its RCPS and as a result, the ownership interest has diluted from 13.96% to 13.77%. The deemed loss on dilution of interest of the Group is insignificant. The Group accounts for its investment in EG as an associated company although the Group holds less than 20% of the issued shares of EG as the Group is able to exercise significant influence over the investment due to the Group's voting power (both through its equity holding held by the Company and a director, and its representation on the Board of EG).

During the financial year ended 31 March 2019, the Company acquired another 2,005,000 ordinary shares of EG for a cash consideration of S$342,000. As a result, the Company's equity interest has increased from 13.46% to 13.96%.

As at 31 March 2020, the fair value of the Group's interest in EG, which is listed in Bursa Malaysia Securities Berhad was S$3,174,000 (2019: S$5,793,000). The fair value measurement is classified within Level 1 of the fair value hierarchy. Although the fair value of the investment in associated company is lower than its carrying amount, management is of the view that no impairment assessment is required as EG is held for long-term investment and it is unlikely that its recoverable amount would be lower than the carrying amount in view of the positive performance of EG in the current and past financial years and the trend of improving financial results.

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

Summarised financial information for associated company

Set out below is the summarised financial statements for EG.

Summarised statement of financial position

	2020 S$'000	2019 S$'000
Current assets	200,605	158,112
Current liabilities	185,935	118,867
Non-current assets	96,683	74,003
Non-current liabilities	3,366	3,666
Net assets	107,987	109,582

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For the financial year ended 31 March 2020

19 Investment in associated company (continued)

Summarised financial information for associated company (continued)

Summarised statement of comprehensive income

	2020 S$'000	2019 S$'000
Revenue	346,922	327,230
Profit before income tax	828	4,722
Income tax expense	(185)	(14)
Net profit	643	4,708
Other comprehensive (loss)/income	(523)	948
Total comprehensive income	120	5,656

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

Reconciliation of summarised financial information

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

	2020 S$'000	2019 S$'000
Net assets	107,987	109,582
Interest in associated company (2020: 13.77%; 2019: 13.96%)	14,870	15,298
Fair value adjustment	(1,534)	(1,534)
Effect of changes in equity	(1,685)	(1,753)
Effect of additional in investment in associated company	(1,140)	(1,140)
Other adjustments	805	430
Carrying value of the Group's interest in the associated company	11,316	11,301

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

20 Property, plant and equipment

	Leasehold properties S$'000	Buildings S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Office equipment and tools S$'000	Furniture and electrical fittings S$'000	Renovations S$'000	Total S$'000
Group								
2020								
Cost								
Beginning of financial year	5,720	–	14,042	396	2,519	351	4,419	27,447
Adoption of SFRS (I) 16 (Note 2.1)	–	872	–	–	–	–	–	872
Currency translation differences	–	(1)	(101)	(2)	(12)	(4)	(23)	(143)
Additions	–	–	242	217	13	5	6	483
Disposals	–	–	(147)	–	–	–	–	(147)
End of financial year	5,720	871	14,036	611	2,520	352	4,402	28,512
Accumulated depreciation								
Beginning of financial year	220	–	12,656	264	2,309	327	4,128	19,904
Currency translation differences	–	–	(93)	(1)	(11)	(4)	(21)	(130)
Depreciation charge (Note 7)	318	412	406	55	78	6	61	1,336
Disposals	–	–	(147)	–	–	–	–	(147)
End of financial year	538	412	12,822	318	2,376	329	4,168	20,963
Accumulated impairment losses								
Beginning of financial year	–	–	83	–	–	–	–	83
Currency translation differences	–	–	(1)	–	–	–	–	(1)
End of financial year	–	–	82	–	–	–	–	82
Net book value								
End of financial year	5,182	459	1,132	293	144	23	234	7,467

20 Property, plant and equipment

	Leasehold properties S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Office equipment and tools S$'000	Furniture and electrical fittings S$'000	Renovations S$'000	Total S$'000
Group							
2019							
Cost							
Beginning of financial year	–	13,078	291	2,410	349	4,208	20,336
Currency translation differences	–	(128)	(1)	(14)	(5)	(28)	(176)
Additions	–	378	102	82	6	109	677
Disposals	–	(10)	(15)	(5)	–	–	(30)
Acquisition of subsidiary corporations (Note 37(c))	5,720	724	19	46	1	130	6,640
End of financial year	5,720	14,042	396	2,519	351	4,419	27,447
Accumulated depreciation							
Beginning of financial year	–	12,413	241	2,273	327	4,098	19,352
Currency translation differences	–	(119)	(1)	(15)	(5)	(26)	(166)
Depreciation charge (Note 7)	220	363	39	56	5	56	739
Disposals	–	(1)	(15)	(5)	–	–	(21)
End of financial year	220	12,656	264	2,309	327	4,128	19,904
Accumulated impairment losses							
Beginning of financial year	–	84	–	–	–	–	84
Currency translation differences	–	(1)	–	–	–	–	(1)
End of financial year	–	83	–	–	–	–	83
Net book value							
End of financial year	5,500	1,303	132	210	24	291	7,460

(a) Included within additions in the consolidated financial statements are motor vehicles acquired under finance leases amounting to S$130,000 (2019: S$83,000).

(b) Certain bank overdraft of the Group is secured on the leasehold properties of the Group with carrying amounts of S$433,000 (2019: S$510,000) (Note 24).

(c) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 21(a).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

20 Property, plant and equipment (continued)

	Company	
	2020	2019
	S$'000	S$'000
Office equipment		
Cost		
Beginning and end of financial year	5	5
Accumulated depreciation		
Beginning of financial year	4	3
Depreciation charge	*	1
End of financial year	4	4
Net book value		
End of financial year	1	1

*Amount less than S$1,000

21 Leases

Nature of the leasing activities – The Group as lessee

Motor vehicles

The Group leases motor vehicles for the purpose of daily operations. There is no externally imposed covenant on these lease arrangements.

Buildings

The Group leases buildings for its production and back office operations in Malaysia, China, Thailand, India and Indonesia. The Group is restricted from assigning and subleasing the buildings to third parties.

There are no externally imposed covenants on these lease arrangements.

21 Leases (continued)

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	Buildings S$'000	Motor vehicles S$'000	Total S$'000
Group			
2020			
Cost			
Beginning of financial year	–	77	77
Adoption of SFRS (I) 16 (Note 2.1)	872	–	872
Additions	–	217	217
Currency translation differences	(1)	–	(1)
End of financial year	871	294	1,165
Accumulated depreciation			
Beginning of financial year	–	8	8
Depreciation charge	412	30	442
End of financial year	412	38	450
Carrying amount			
End of financial year	459	256	715

(b) Interest expense

	Group 2020 S$'000
Interest expense on lease liabilities (Note 9)	44

(c) Lease expense not capitalised in lease liabilities

	Group 2020 S$'000
Lease expense – short-term leases	30
Lease expense – low-value leases	8
Total (Note 7)	38

(d) Total cash outflow for all the leases in 2020 was S$501,000.

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For the financial year ended 31 March 2020

21 Leases (continued)

(e) Future cash outflow which are not capitalised as lease liabilities

Extension options

The leases for certain properties contain extension period, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise the extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension option is exercisable by the Group and not by the lessor.

22 Intangible assets

	Group		Company	
	2020	2019	2020	2019
	S$'000	S$'000	S$'000	S$'000
Composition:				
Goodwill arising on consolidation (Note (a))	–	–	–	–
Computer software licenses (Note (b))	9	30	–	8
Distribution rights (Note (c))	1,760	2,137	–	–
	1,769	2,167	–	8

(a) Goodwill arising on consolidation

	Group	
	2020	2019
	S$'000	S$'000
Cost		
Beginning of financial year	–	2,332
Write off	–	(2,332)
End of financial year	–	–
Accumulated impairment		
Beginning of financial year	–	2,332
Write off	–	(2,332)
End of financial year	–	–
Net book value		
End of financial year	–	–

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For the financial year ended 31 March 2020

22 Intangible assets (continued)

(b) Computer software licenses

	Group		Company	
	2020	**2019**	**2020**	**2019**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Cost				
Beginning of financial year	719	717	266	266
Additions	–	2	–	–
End of financial year	719	719	266	266
Accumulated amortisation				
Beginning of financial year	689	650	258	234
Amortisation charge	21	39	8	24
End of financial year	710	689	266	258
End of financial year	9	30	–	8

(c) Distribution rights

	Group	
	2020	**2019**
	S$'000	**S$'000**
Cost		
Beginning and end of financial year	3,327	3,327
Accumulated impairment		
Beginning of financial year	1,190	762
Amortisation charge	377	428
End of financial year	1,567	1,190
Net book value		
End of financial year	1,760	2,137

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

	Group	
	2020	**2019**
	S$'000	**S$'000**
Administrative expenses (Note 7)	398	467

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For the financial year ended 31 March 2020

23 Trade and other payables

	Group 2020 S$'000	Group 2019 S$'000	Company 2020 S$'000	Company 2019 S$'000
Trade payables				
- Non-related parties	13,156	11,957	–	–
Non-trade payables				
- Non-related parties	2,041	1,759	502	109
- Immediate and ultimate holding corporation	3,287	3,585	7,688	7,465
- Subsidiary corporations	–	–	5,771	5,354
- Related parties	525	4,848	–	700
	5,853	10,192	13,961	13,628
Accrued operating expenses	1,570	1,425	210	190
Interest payable	20	–	20	–
Defined benefits obligation (Note (a))	1,789	1,402	–	–
Advances received from customers	247	782	–	–
	22,635	25,758	14,171	13,818

The non-trade payables due to immediate and ultimate holding corporation, subsidiary corporations and related parties are unsecured, interest-free and payable on demand, except for payable to a related party of Nil (2019: S$3,397,000) which bears interest of Nil (2019: 7.4% per annum).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

23 Trade and other payables (continued)

(a) Defined benefits obligation

	Group 2020 S$'000	Group 2019 S$'000
Obligation recognised in the statement of financial position for:		
Post-employment benefits (i)	1,545	1,202
Other long-term employment benefits	244	200
	1,789	1,402
Expenses charged to profit or loss:		
Defined benefits (Note 8)	387	(9)
The amount recognised in the statement of financial position is determined as follows:		
Present value of unfunded obligations/liability recognised in the statement of financial position	1,789	1,402

(i) The movement in the post-employment benefits obligation is as follows:

	Group 2020 S$'000	Group 2019 S$'000
Present value of obligation		
Beginning of financial year	1,402	1,411
Current service cost	387	–
Past service cost	–	(9)
	387	(9)
End of financial year	1,789	1,402

The significant actuarial assumptions used are as follows:

	Group 2020	Group 2019
Discount rate	8.7%	8.5%
Salary growth rate	8.0%	8.0%
Mortality rate*	TMI 2011	TMI 2011
Disability rate	10.0%	10.0%

*Based on Indonesia Mortality Table

The carrying amount of pension obligation will not have significant changes if the significant actuarial assumptions used has been higher or lower by 1% from management's estimates.

The above sensitivity analysis is based on a change in discount rate assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the reporting date) has been applied as when calculating the post-employment benefits liability recognised within the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

24 Borrowings

	Group		Company	
	2020	2019	2020	2019
	S$'000	S$'000	S$'000	S$'000
Current				
Bank overdrafts (Note 12)	1,205	1,741	–	–
Bank borrowings	11,445	16,015	1,446	1,773
Lease liabilities	405	–	–	–
Finance lease liabilities (Note 25)	–	11	–	–
Loan from immediate and ultimate holding corporation	–	925	–	925
	13,055	18,692	1,446	2,698
Non-current				
Lease liabilities	239	–	–	–
Finance lease liabilities (Note 25)	–	46	–	–
Non-related party	2,000	–	2,000	–
	2,239	46	2,000	–
Total borrowings	15,294	18,738	3,446	2,698

Loan from immediate and ultimate holding corporation is unsecured, bears interest of 5% per annum and is repayable in full on or before 6 October 2019. The loan has been fully repaid during the financial year ended 31 March 2020.

The loan from non-related party is unsecured, bears interest of 2% per annum and shall be repaid 3 years after the advance date, which falls on 23 August 2022.

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

	Group		Company	
	2020	2019	2020	2019
	S$'000	S$'000	S$'000	S$'000
6 months or less	12,650	17,756	1,446	1,773

(a) Security granted

Bank overdrafts of the Group are secured by the immediate and ultimate holding corporation's bank deposits of Nil (2019: S$515,000), the Group's certain bank deposits of S$364,000 (2019: S$363,000) (Note 12), personal guarantee by the directors of the subsidiary corporation, corporate guarantee by the Company, debenture of the subsidiary corporations and certain leasehold properties of the Group (Note 20).

Bank borrowings of the Group and of the Company are secured by the investment in associated company of S$8,836,000 (2019: S$5,905,000) of the Company (Note 19), certain bank deposits of S$635,000 (2019: S$595,000) (Note 12) and also secured by the corporate guarantee of the immediate and ultimate holding corporation.

24 Borrowings (continued)

(b) Fair value of non-current borrowings

	Group	
	2020	2019
	S$'000	S$'000
Non-related party	1,818	–

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

	Group	
	2020	2019
	%	%
Non-related party	5.25	–

The fair value is within level 2 of the fair value hierarchy.

25 Finance lease liabilities

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

Finance lease liabilities were reclassified to lease liabilities on 1 April 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.1.

	Group
	2019
	S$'000
Minimum lease payment due:	
Not later than one year	16
Between one to five years	53
	69
Less: Finance charges	(12)
Present value of finance lease liabilities	57
Analysed as:	
- Not later than one year (Note 24)	11
- Between one to five years (Note 24)	46
	57

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For the financial year ended 31 March 2020

26 Share capital and treasury shares

	Number of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	S$'000	S$'000
Group and Company				
2020				
Beginning of financial year	1,027,432	(13,682)	73,279	(736)
Share consolidation	(770,574)	(10,261)	–	–
Expiration of outstanding warrants (Note 27)	–	–	1,150	–
End of financial year	256,858	(3,421)	74,429	(736)
2019				
Beginning of financial year	941,846	(13,682)	70,279	(736)
Shares issued pursuant to:				
- placement	30,030	–	1,000	–
- acquisition of subsidiary corporations (Note 37(a))	55,556	–	2,000	–
End of financial year	1,027,432	(13,682)	73,279	(736)

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

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

On 16 May 2018, the Company issued 30,030,030 shares at a subscription price of S$0.0333 per share, for a total cash consideration of S$1,000,000 as additional working capital of the Group.

On 31 July 2018, the Company issued 55,555,555 shares with fair value of S$0.036 per share determined by closing share price of the Company at the acquisition date, amounting to S$2,000,000 as part of the total consideration of the acquisition of Honfoong Plastic Industries Pte Ltd.

On 30 May 2019, the Company proposed to undertake a share consolidation of every four (4) existing issued ordinary shares of the Company into one (1) ordinary share in the capital of the Company. Following the completion of the proposed share consolidation on 30 July 2019, the Company's issued share capital comprising of 1,027,431,606 existing shares (including 13,682,000 treasury shares) have been consolidated into 256,857,901 consolidated shares, including 3,420,500 consolidated treasury shares.

The newly issued shares rank *pari passu* in all respects with the previously issued shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

27 Warrants reserve

During the financial year ended 31 March 2018, the Company allotted 255,613,108 rights issue of S$0.045 each together with 255,613,108 free detachable warrants on the basis of one (1) free warrant for every one (1) rights share subscribed.

The warrants reserve represents the fair value of the deemed consideration allocated for issuance of warrants of S$1,150,000. When the warrants are exercised or expired, the warrants reserve will be transferred to share capital within equity.

During the financial year ended 31 March 2020, all outstanding warrants were expired, the amount of S$1,150,000 have been transferred to share capital within equity (Note 26).

28 Statutory reserve

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

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

29 Capital reserve

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

30 Other reserves

(a) Composition

	Group		Company	
	2020	2019	2020	2019
	S$'000	S$'000	S$'000	S$'000
Currency translation reserve	1,834	1,718	–	–
Fair value reserve	(1,725)	(1,141)	(1,547)	(1,052)
	109	577	(1,547)	(1,052)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

30 Other reserves (continued)

(b) Movements:

(i) Currency translation reserve

	Group and Company	
	2020	2019
	S$'000	S$'000
Beginning of financial year	1,718	827
Net currency translation differences of financial statements of		
- foreign subsidiary corporations – gains	100	682
- foreign associated company – gains	16	209
End of financial year	1,834	1,718

(ii) Fair value reserve

	Group		Company	
	2020	2019	2020	2019
	S$'000	S$'000	S$'000	S$'000
Beginning of financial year	(1,141)	(912)	(1,052)	(900)
Transfer upon disposal of financial assets (Note 31)	–	106	–	106
Fair value loss on financial assets, at FVOCI (Note 14)	(495)	(258)	(495)	(258)
Share of associated company's fair value losses on financial asset, at FVOCI	(89)	(77)	–	–
End of financial year	(1,725)	(1,141)	(1,547)	(1,052)

31 Accumulated losses

Movement in accumulated losses of the Company is as follows:

	2020	2019
	S$'000	S$'000
Beginning of financial year	(30,502)	(37,072)
Total comprehensive (loss)/income	(4,751)	6,676
Transfer upon disposal of financial assets (Note 30(b)(ii))	–	(106)
End of financial year	(35,253)	(30,502)

32 Contingencies

(a) *Corporate guarantees*

The Company's subsidiary corporation has issued an insurance bond to one of its major suppliers for greater credit limits and terms. The bond is provided with a total guaranteed amount of Nil (2019: S$2,712,000).

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

(b) *Financial support*

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

(c) *Contingent liabilities*

On 25 February 2020, the Group's Executive Chairman and Chief Executive Officer, Mr Terence Tea, together with two other senior management personnel of the Group were requested by Corrupt Practices Investigation Bureau ("CPIB") to assist in investigation.

The investigation relates to certain expenses incurred and a payment made by Honfoong Plastic Industries Pte. Ltd., a 70% owned subsidiary corporation of the Group.

The Board has taken Nominating Committee's recommendation and is of the view that Mr Terence Tea and the management personnel should continue to discharge their responsibilities and duties in the operation of the Group's businesses to ensure business continuity. The Board will reassess its position where appropriate in due course.

At the date of these financial statements, the Company is unable to estimate its financial impact as there have been no charges brought against the Company, Mr Terence Tea or the other two management personnel.

33 Operating lease commitments

Operating lease commitments – where the Group is a lessee

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

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

	Group
	2019
	S$'000
Not later than one year	476
Between one and five years	488
	964

As disclosed in Note 2.1, the Group has adopted SFRS(I) 16 on 1 April 2019. These lease payments have been recognised as ROU assets and lease liabilities on the statement of financial position as at 31 March 2020, except for short-term and low value leases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

34 Related party transactions

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

(a) Sales and purchases of goods and services

	Group	
	2020	2019
	S$'000	S$'000
Sales of goods to related parties	1,451	1,986
Purchase of goods and services from related parties	2	2
Rental and management fees charged to a related party	18	37

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

Outstanding balances at 31 March 2020, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 15 and 23 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2020	2019
	S$'000	S$'000
Directors' fee	159	159
Wages and salaries	761	954
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	59	49
Employee share award expense	63	72
Other short-term benefits	139	144
	1,181	1,378
Analysed as:		
Directors of the Company	159	159
Other key management personnel		
- current	1,022	1,219
	1,181	1,378

35 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

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

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

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

(a) Market risk

(i) Currency risk

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

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Chinese Renminbi ("RMB") and Ringgit Malaysia ("MYR"). To manage the currency risk, the Group relies on natural hedging as a risk management tool.

In addition, the Group is also exposed to currency translation risk to the net assets of the Group's foreign operations.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

35 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	USD S$'000	MYR S$'000	Others S$'000	Total S$'000
Group					
2020					
Financial Assets					
Cash and cash equivalents	1,300	5,040	276	1,756	8,372
Trade and other receivables	5,176	23,048	572	190	28,986
Inter-company balances	24,987	17,474	–	7,517	49,978
Other current assets	318	–	212	69	599
Financial assets, at FVPL	33	–	–	–	33
Financial assets, at FVOCI	–	–	529	–	529
	31,814	45,562	1,589	9,532	88,497
Financial Liabilities					
Trade and other payables	7,249	11,837	1,726	1,576	22,388
Inter-company balances	24,987	17,474	–	7,517	49,978
Borrowings	4,964	8,364	1,839	127	15,294
	37,200	37,675	3,565	9,220	87,660
Net financial (liabilities)/assets	(5,386)	7,887	(1,976)	312	837
Add: Net financial assets/(liabilities) denominated in respective entities' functional currencies	4,350	17	1,051	(147)	5,271
Currency exposure of financial (liabilities)/assets	(1,036)	7,904	(925)	165	6,108

35 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	USD S$'000	MYR S$'000	Others S$'000	Total S$'000
Group					
2019					
Financial Assets					
Cash and cash equivalents	1,170	2,479	434	1,251	5,334
Trade and other receivables	1,670	27,351	662	217	29,900
Inter-company balances	28,481	14,127	–	8,005	50,613
Other current assets	776	–	207	63	1,046
Financial assets, at FVPL	33	–	–	–	33
Financial assets, at FVOCI	–	–	1,024	–	1,024
	32,130	43,957	2,327	9,536	87,950
Financial Liabilities					
Trade and other payables	7,212	14,859	1,425	1,480	24,976
Inter-company balances	28,481	14,127	–	8,005	50,613
Borrowings	3,140	13,767	1,831	–	18,738
	38,833	42,753	3,256	9,485	94,327
Net financial (liabilities)/assets	(6,703)	1,204	(929)	51	(6,377)
Add: Net financial assets/(liabilities) denominated in respective entities' functional currencies	6,703	(328)	179	(23)	6,531
Currency exposure of financial assets/ (liabilities)	–	876	(750)	28	154

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2020

35 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD and MYR change against the SGD by 3% (2019: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position to the financial performance of the Group will be as follows:

	Increase/(Decrease) Profit after tax	
	2020	**2019**
	S$'000	**S$'000**
USD against SGD		
- Strengthened	197	22
- Weakened	(197)	(22)
MYR against SGD		
- Strengthened	(23)	(19)
- Weakened	23	19

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's and the Company's interest rate risk mainly arises from bank borrowings at variable rates. The Group and the Company manages its interest rate risk by keeping bank borrowing to the minimum required to sustain the operations of the Group and the Company.

If the interest rates increase/decrease by 1% (2019: 1%) with all other variables including tax rate being held constant, net profit of the Group and the Company would have been lower/higher by S$105,000 and S$12,000 (2019: S$147,000 and S$15,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

35 Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated statement of financial position as financial assets, at FVOCI and at FVPL. These securities are listed in Singapore and Malaysia. To manage its price risk arising from investment in equity securities, the Group diversifies its portfolio with the limits set by the BOD.

If prices for equity securities listed in Malaysia had changed by 10% (2019: 10%) with all other variables including tax rate being held constant, the effects on other comprehensive income would have been:

	Increase/(Decrease) Other comprehensive income	
	2020	**2019**
	S$'000	**S$'000**
Group and Company		
Listed in Malaysia		
- increased by	53	102
- decreased by	(53)	(102)

(b) Credit risk

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

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the management.

The trade receivables of the Group comprise 3 debtors (2019: 3 debtors) that individually represented 7 - 11% (2019: 5 - 24%) of the Group's total trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

35 Financial risk management (continued)

(b) Credit risk (continued)

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

	Group	
	2020	**2019**
	S$'000	**S$'000**
By geographical areas		
Singapore	3,815	3,141
United States of America	305	1,867
Malaysia	1,953	4,771
People's Republic of China	7,755	11,014
India	214	979
Indonesia	2,734	1,896
Thailand	4,163	2,211
Vietnam	1,386	1,043
Other countries	2,285	2,133
	24,610	29,055
By types of customers		
Related parties	1,248	278
Non-related parties		
- Multi-national companies	9,799	11,499
- Other companies	13,563	17,278
	24,610	29,055

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

	Group	
	2020	**2019**
	S$'000	**S$'000**
Corporate guarantees provided to banks on its major supplier (Note 32(a))	–	2,712

35 Financial risk management (continued)

(b) Credit risk (continued)

The movement in credit loss allowance are as follows:

	Trade receivables S$'000	Other receivables S$'000	Total S$'000
Group			
Balance at 1 April 2018	143	297	440
Loss allowance recognised during the financial year	200	6	206
Reversal of loss allowance during the financial year	(22)	–	(22)
Net loss allowance recognised in profit or loss	178	6	184
Currency translation difference	4	–	4
Balance at 31 March 2019 (Note 15)	325	303	628
Loss allowance recognised during the financial year	392	–	392
Written off	–	(303)	(303)
Currency translation difference	5	–	5
Balance at 31 March 2020 (Note 15)	722	–	722

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses ("ECL"), trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the ECL rates, the Group considers purely historical loss rates for each category of customers which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

Trade receivables are written off when there is no reasonable expectation of recovery. Based on the historical credit loss experience, the Group considers a financial asset as in default if the counterparty fails to make contractual payments within 180 days when they fall due which is derived based on the Group's historical information, and write-off the financial asset when there is no reasonable ground to recover the receivables after all enforcement activity has been taken by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

35 Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables (continued)

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 are set out in the provision matrix as follows:

	Gross amount S$'000	Loss allowance S$'000	Carrying amount S$'000
Group			
2020			
EBU			
Not past due	12,587	–	12,587
< 30 days past due	1,446	–	1,446
30 days to 60 days past due	257	–	257
60 days to 90 days past due	232	–	232
90 days to 180 days past due	627	–	627
180 days to 365 days past due	2,743	–	2,743
> 365 days past due	2,907	(722)	2,185
	20,799	(722)	20,077
MBU			
Not past due	3,360	–	3,360
< 30 days past due	889	–	889
30 days to 60 days past due	207	–	207
60 days to 90 days past due	9	–	9
90 days to 180 days past due	3	–	3
180 days to 365 days past due	6	–	6
> 365 days past due	59	–	59
	4,533	–	4,533

35 Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables (continued)

	Gross amount S$'000	Loss allowance S$'000	Carrying amount S$'000
Group			
2019			
EBU			
Not past due	19,206	–	19,206
< 30 days past due	4,431	–	4,431
30 days to 60 days past due	496	–	496
60 days to 90 days past due	99	–	99
90 days to 180 days past due	86	–	86
180 days to 365 days past due	214	–	214
> 365 days past due	1,525	(325)	1,200
	26,057	(325)	25,732
MBU			
Not past due	2,013	–	2,013
< 30 days past due	1,095	–	1,095
30 days to 60 days past due	34	–	34
60 days to 90 days past due	55	–	55
90 days to 180 days past due	26	–	26
180 days to 365 days past due	100	–	100
	3,323	–	3,323

(ii) Other receivables

The Group and the Company use the general approach for assessment of ECLs for these financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECLs.

As at 31 March 2020, the Group performed an assessment of impairment using the 12-month ECL basis on these financial assets. The Group concluded the loss allowance is adequate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

35 Financial risk management (continued)

(b) Credit risk (continued)

(iii) Non-trade receivables from subsidiary corporations

Non-trade receivables from subsidiary corporations are provided mainly for short term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis. The Company concluded that the loss allowance provided for non-trade receivables from subsidiary corporations is adequate. As at 31 March 2020, the Company has provided additional loss allowance amounted to S$4,612,000 (2019: loss allowance utilised of S$3,523,000) as there is no reasonable ground to recover the receivables from these subsidiary corporations.

(iv) Cash and cash equivalents

The Group and the Company held cash and cash equivalents with reputable licensed financial institutions with high credit-ratings and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(c) Liquidity risk

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

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

	Less than 1 year S$'000	Between 1 and 5 years S$'000
Group		
2020		
Trade and other payables	22,388	–
Lease liabilities	425	292
Borrowings	12,765	2,120
	35,578	2,412
2019		
Trade and other payables	24,976	–
Borrowings	19,128	53
Financial guarantee contracts (Note 32(a))	2,712	–
	46,816	53
Company		
2020		
Trade and other payables	14,171	–
Borrowings	1,446	2,120
	15,617	2,120
2019		
Trade and other payables	13,818	–
Borrowings	2,745	–
	16,563	–

35 Financial risk management (continued)

(d) Capital risk

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

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables plus borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Net debt	29,557	39,162	17,583	16,399
Total equity	37,570	41,884	36,751	41,997
Total capital	67,127	81,046	54,334	58,396
Gearing ratio	44%	48%	32%	28%

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

(e) Fair value measurements

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

Group and Company	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
2020				
Financial assets, at FVPL	33	–	–	33
Financial assets, at FVOCI	529	–	–	529
	562	–	–	562
2019				
Financial assets, at FVPL	33	–	–	33
Financial assets, at FVOCI	1,024	–	–	1,024
	1,057	–	–	1,057

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

35 Financial risk management (continued)

(f) Fair value measurements (continued)

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

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

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

(g) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Financial assets at amortised cost	37,957	36,280	18,440	22,090
Financial assets, at FVPL	33	33	–	–
Financial assets at FVOCI	529	1,024	529	1,024
Financial liabilities at amortised cost	37,682	43,714	17,617	16,516

36 Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco is the Group's chief operating decision maker and comprises the Non-Executive Directors, the Financial Controller, and the department heads of each business within each geographical segment.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

36 Segment information (continued)

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

	MBU S$'000	EBU S$'000	Others S$'000	Total S$'000
2020				
Sales				
Revenue – external parties	24,672	109,167	–	133,839
Gross profit	2,158	4,589	–	6,747
Other income				
- Interest	2	5	–	7
- Others	222	16	13	251
Other losses - net				
- Impairment loss on financial assets at amortised cost	–	(392)	–	(392)
- Others	75	(1,016)	619	(322)
Expenses				
- Distribution and marketing	(147)	(701)	(67)	(915)
- Administrative	(2,252)	(4,688)	(974)	(7,914)
- Finance	(188)	(779)	(169)	(1,136)
Share of profit of associated company	–	–	88	88
Loss before income tax	(130)	(2,966)	(490)	(3,586)
Depreciation of property, plant and equipment	1,133	203	–	1,336
Amortisation of intangible assets	13	377	8	398

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

36 Segment information (continued)

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

	MBU S$'000	EBU S$'000	Others S$'000	Inter-segment Eliminations S$'000	Total S$'000
2019					
Sales					
Revenue – external parties	18,666	145,025	–	–	163,691
Gross profit	1,892	10,892	–	–	12,784
Other income					
- Interest	5	23	–	–	28
- Others	184	10	19	–	213
Other gains - net					
- Reversal of impairment loss/(Impairment loss) on financial assets at amortised cost	16	(200)	–	–	(184)
- Others	958	(376)	1,390	(900)	1,072
Expenses					
- Distribution and marketing	(232)	(1,188)	(5)	–	(1,425)
- Administrative	(1,863)	(5,575)	(2,189)	900	(8,727)
- Finance	(96)	(805)	(180)	–	(1,081)
Share of profit of associated company	–	–	662	–	662
Profit/(loss) before income tax	864	2,781	(303)	–	3,342
Depreciation of property, plant and equipment	484	68	187	–	739
Amortisation of intangible assets	15	427	25	–	467

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

36 Segment information (continued)

Geographical information

The Group's two (2019: two) business segments operate in four (2019: four) main geographical areas:

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

	Non-current assets	
	2020	**2019**
	S$'000	**S$'000**
Malaysia	12,550	12,226
Singapore	2,190	2,564
Indonesia	5,771	6,217
Other countries	88	11
	20,599	21,018

Revenue of approximately S$14,228,218 (2019: S$23,215,159) is derived from a single external customer. This revenue is attributable to the EBU segment in People's Republic of China (2019: EBU segment in People's Republic of China).

37 Business combination

On 31 July 2018 (the acquisition date), the Group completed the acquisition of 70% equity interest in Honfoong Plastic Industries Pte. Ltd. ("Honfoong") and its subsidiary corporation, PT Honfoong Plastic Industries ("PT Honfoong") (collectively, "Honfoong Group"). The principal activities of Honfoong are those of plastic moulding, PCB assembly, tooling finishing and plastic precision engineering parts, while PT Honfoong is principally engaged in the provision of plastic injection moulding components, tool design, fabrication, moulding, printing, painting, sub-assembly and box build project.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

37 Business combination (continued)

Details of the considerations transferred, the assets acquired and liabilities assumed, the non-controlling interests recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	2019 S$'000
Cash consideration paid	300
Outstanding cash consideration included in trade and other payables	700
Fair value of share consideration (Note 26)	2,000
Consideration transferred for the business	3,000

(b) Effect on cash flows of the Group

	2019 S$'000
Cash paid (as above)	(300)
Cash and cash equivalents in subsidiary corporations acquired	
- Cash in hand and at banks	19
- Bank overdrafts	(1,247)
	(1,228)
Cash outflow on acquisition	(1,528)

(c) Identifiable assets acquired and liabilities assumed

	At fair value 2019 S$'000
Cash and cash equivalents	
- Cash in hand and at banks	19
- Fixed deposits with financial institutions (pledged)	362
Property, plant and equipment (Note 20)	6,640
Trade and other receivables	2,597
Inventories	1,306
Other current assets	410
Total assets	11,334
Trade and other payables	4,328
Borrowings	
- Bank overdrafts	1,247
- Bank borrowings	500
Income tax payables (Note 10(b))	60
Deferred income tax liabilities (Note 10(c))	129
Total liabilities	6,264
Total identifiable net assets	5,070
Less: Non-controlling interests at fair value	(946)
Less: Gain on bargain purchase (Note 6)	(1,124)
Consideration transferred for the business	3,000

38 Events occurring after reporting date

On 30 October 2020, the Company performed an internal restructuring exercise by transferring its entire shareholding in Honfoong Plastic Industries Pte Ltd to a wholly-owned subsidiary corporation of the Company, WE Total Engineering Sdn Bhd. The internal restructuring exercise is not expected to have any material impact on the consolidated financial statements.

39 Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Singapore, Malaysia and Indonesia, all of which have been affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements subsequent to the year ended 31 March 2020:

(i) The Group has assessed that the going concern basis of preparation for this set of financial statements remain appropriate.

(ii) In 2020, border closures, production stoppages and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These have negatively impacted business production and volume in 2020, resulting in a negative impact on the Group's financial performance for 2020.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 March 2021. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

40 New or revised accounting standards and interpretations

Amendments to SFRS(I) 3 *Business Combination* (effective for annual periods beginning on or after 1 January 2020).

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

41 Authorisation of Financial Statements

These financial statements were authorised for issued in accordance with a resolution of the Board of Directors of the Company on 10 November 2020.

STATISTICS OF SHAREHOLDINGS

As at 16 October 2020

Issued and fully paid-up capital	:	S$76,581,063.56
Number of Issued Shares (excluding Treasury Shares)	:	253,437,373
Number/Percentage of Treasury Shares	:	3,420,500 (1.35 %)
Voting rights	:	One vote per share
Class of Shares	:	Ordinary Shares

Distribution of shareholdings as at 16 October 2020

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 99	55	6.30	573	0.00
100 – 1,000	45	5.16	19,925	0.01
1,001 – 10,000	240	27.49	1,283,130	0.51
10,001 – 1,000,000	520	59.56	36,041,665	14.22
1,000,001 and above	13	1.49	216,092,080	85.26
Total	**873**	**100.00**	**253,437,373**	**100.00**

Twenty largest shareholders as at 16 October 2020

No.	Name of Shareholders	No. of Shares	% of Shares
1	ACCRELIST LTD	166,818,931	65.82
2	WONG LIANG TONG	10,416,666	4.11
3	PHILLIP SECURITIES PTE LTD	10,056,065	3.97
4	PEK HAK BIN	7,101,257	2.80
5	DBS NOMINEES PTE LTD	5,034,440	1.99
6	CITIBANK NOMINEES SINGAPORE PTE LTD	2,692,250	1.06
7	GOH BEE LAN	2,600,000	1.03
8	JUN YUAN HOLDINGS PTE LTD	2,437,500	0.96
9	MAYBANK KIM ENG SECURITIES PTE.LTD	2,200,700	0.87
10	WONG LIANG YEO	2,083,333	0.82
11	TAN ENG CHUA EDWIN	1,801,950	0.71
12	TOH SOON HUAT	1,510,100	0.60
13	KOH CHENG POH	1,338,888	0.53
14	TEA LAY SIN	994,126	0.39
15	OCBC SECURITIES PRIVATE LTD	850,500	0.34
16	TEE WEE SIEN (ZHENG WEIXIAN)	830,750	0.33
17	RAFFLES NOMINEES (PTE) LIMITED	646,200	0.25
18	TEO BEE HENG	609,000	0.24
19	LIN ERYUE	479,950	0.19
20	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	457,752	0.18
	Total	**220,960,358**	**87.19**

Based on the information available to the Company as at 16 October 2020, approximately 34.11 % of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Limited is complied with.

STATISTICS OF SHAREHOLDINGS

As at 16 October 2020

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Accrelist Ltd	166,818,931	65.82	–	–
Terence Tea Yeok Kian[1]	172,500	0.068	166,818,931	65.82

[1] Terence Tea Yeok Kian is deemed to be interested in 166,818,931 Shares held by Accrelist Ltd, pursuant to Section 7 of the Companies Act, Chapter 50 by virtue of his and his spouse's shareholdings in Accrelist Ltd

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of **JUBILEE INDUSTRIES HOLDINGS LTD.** (the "**Company**") will be held by way of electronic means on Thursday, 26 November 2020 at 10:00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of up to S$180,000 for the financial year ending 31 March 2021, to be paid half-yearly in arrears. (2020: S$180,000.) **(Resolution 2)**

3. To re-elect Mr Kang Pang Kiang, who is retiring by rotation in accordance with Regulation 88 of the Company's Constitution, as a Director of the Company. *[See Explanatory note (i)]* **(Resolution 3)**

4. To re-elect Mr Cheong Keng Chuan, Alfred, who is retiring by rotation pursuant to Regulation 89 of the Company's Constitution, as a Director of the Company. *[See Explanatory note (ii)]* **(Resolution 4)**

5. To re-appoint Nexia TS Public Accounting Corporation as Independent Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

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

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

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

(Resolution 6)

8. Renewal of the Share Buyback Mandate

"That:-

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

(i) on-market purchases (each an "**On-Market Share Purchase**") on the SGX-ST; and/or

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

NOTICE OF **ANNUAL GENERAL MEETING**

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

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

(c) in this Ordinary Resolution:

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

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

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

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

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

where:

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

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." *[See Explanatory Note (iii)]* **(Resolution 7)**

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

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

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

NOTICE OF **ANNUAL GENERAL MEETING**

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

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:-

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the Company's total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the Company's total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Catalist Rules), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution is passed, after adjusting for:-

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

(b) new Shares arising from exercising share options or vesting of share awards, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

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

Adjustments in accordance with (ii)(a) and (ii)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(iii) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, such authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or by the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." *[See Explanatory Note (vi)]* **(Resolution 8)**

By Order of the Board

Chew Kok Liang
Sng Ee Lian Eliane
Teo Chia Hui
Company Secretaries

Singapore, 10 November 2020

NOTICE OF **ANNUAL GENERAL MEETING**

Explanatory Notes:

(i) Mr Kang Pang Kiang, if re-elected, will remain as the member of the Audit and Remuneration Committees. Mr Kang will be considered non-independent pursuant to Rule 704(7) of Listing Manual Section B: Rules of Catalist of the SGX-ST. Please refer to Corporate Governance Report on pages 22 to 24 in the Annual Report for the detailed information required pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

(ii) Mr Cheong Keng Chuan, Alfred, if re-elected, will remain as the Lead Independent Director, Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee. Mr Cheong will be considered independent pursuant to Rule 704(7) of Listing Manual Section B: Rules of Catalist of the SGX-ST. Please refer to Corporate Governance Report on pages 22 to 24 in the Annual Report for the detailed information required pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

(iii) Ordinary Resolution 6, if passed, will empower the Directors to offer and grant Awards and to issue shares in the capital of the Company to selected employees of the Group, pursuant to the JSAS (which was approved by shareholders at the Extraordinary General Meeting held on 21 November 2014), provided that the aggregate number of shares to be issued pursuant to the JSAS shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

(iv) Ordinary Resolution 7, if passed, will empower the Directors of the Company to make purchases or otherwise acquire the Company's issued Shares from time to time subject to and in accordance with the guidelines set out in the Circular accompanying this Notice. The authority will expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, unless previously revoked or waived at a general meeting. Please refer to the Appendix 1 for more details.

(v) Ordinary Resolution 8, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked by the Company in a general meeting, whichever is the earliest, to allot and issue Shares and convertible securities in the Company. The aggregate number of shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed 100% of the Company's total number of issued Shares excluding treasury shares and subsidiary holdings, of which up to 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings, in the capital of the Company may be issued other than on a pro-rata basis to existing shareholders.

Notes:

General

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM will be held by way of electronic means and the member will NOT be allowed to attend the AGM in person.

2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in this Notice of AGM. The Notice of AGM is also made available on SGXNet at the following URL: https://www.sgx.com/securities/company-announcements and the Company's website at the following URL: https://www.jihldgs.com.

Participation in AGM proceedings via "Live Webcast/Live Audio Feed"

3. A member will be able to participate at the AGM by watching the AGM proceedings via a "live" audio-video webcast via mobile phones, tablets or computers or listening to the proceedings through a "live" audio-only feed via telephone ("**Live Webcast/Live Audio Feed**"). In order to do so, a member must pre-register by **10.00 a.m. on 23 November 2020** ("**Pre-registration Deadline**"), at the following URL: https://globalmeeting.bigbangdesign.co/jubilee/ ("**Pre-registration Website**") for the Company to authenticate his/her/its status as members.

4. To pre-register the Live Webcast/Live Audio Feed, kindly access the Pre-registration Website, using either the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox.

5. Following the authentication of his/her/its status as a member, such member will receive an email on their authentication status and login credentials, including instructions on how to access the Live Webcast/Live Audio Feed of the proceedings of the AGM by **12.00 p.m. on 25 November 2020**.

6. Members who do not receive an email by **12.00 p.m. on 25 November 2020**, but have registered by the Pre-registration Deadline, may contact the Company's Share Registrar, B.A.C.S Private Limited, at email address: main@zicoholdings.com with the following details included: (1) the full name of member, and (2) his/her/its identification/registration number.

NOTICE OF **ANNUAL GENERAL MEETING**

7. Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) and wish to watch the Live Webcast or listen to the Live Audio Feed of the AGM must approach their respective depository agents to pre-register by **5.00 p.m. on 17 November 2020** in order to allow sufficient time for their respective depository agents to in turn register their interest with the Company.

Submission of Questions prior to the AGM

8. A member who pre-registers to watch/listen the Live Webcast/Live Audio Feed may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted no later than the Pre-registration Deadline through any of the following means:

    (a) via the Pre-registration Website; or

    (b) in hard copy by depositing the same at the registered office of the Company at 10 Ubi Crescent #03-94-96 Ubi Techpark Singapore 408564.

9. Shareholders are strongly encouraged to submit their questions via the Pre-registration Website.

10. The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the AGM via SGXNet and on our corporate website or during the AGM through the Live Webcast/Live Audio Feed.

Voting by Proxy

11. **A member will not be able to vote through Live Webcast/Live Audio Feed. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.** In appointing the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the AGM as proxy ("**Proxy Form**"), failing which the appointment will be treated as invalid.

12. The Proxy Form for the AGM can be assessed at the Company's website at the following URL: https://www.jihldgs.com, and is made available with this Notice of AGM on SGXNet at the following URL: https://www.sgx.com/securities/company-announcements on the same day.

13. The Chairman of the AGM, as a proxy, need not be a member of the Company.

14. The Proxy Form must be submitted to the Company in the following manner:

    (a) by depositing a hard copy by post at the office of the Company's Share Registrar at 8 Robinson Road #03-00 ASO Building Singapore 048544; or

    (b) by sending a scanned PDF copy by email to main@zicoholdings.com

    in either case, no later than **10.00 a.m. on 24 November 2020** ("**Proxy Deadline**").

15. A member who wishes to submit a Proxy Form must first **download, complete and sign the proxy form**, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

16. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

17. The instrument appointing the Chairman of the AGM as proxy must be signed by the appointer or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

18. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the AGM as proxy).

19. Investors who hold their Shares through relevant intermediaries* as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by **5.00 p.m. 17 November 2020** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.

NOTICE OF **ANNUAL GENERAL MEETING**

20. In the case of a member whose Shares are entered against his/her name in the depository register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member is not shown to have Shares entered against his/her/its name in the depository register as at 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

No despatch of physical copies

21. The following documents are made available to members on **10 November 2020** together with this Notice of AGM via SGXNet at the following URL: https://www.sgx.com/securities/company-announcements and the Company's website at the following URL: https://www.jihldgs.com:

    (a) Annual Report for the financial year ended 31 March 2020 ("Annual Report");

    (b) Proxy Form in relation to the AGM; and

    (c) Circular to Shareholders in connection to the proposed renewal of share buy-back mandate.

22. There will be no despatch of printed copies of Annual Report, Notice of AGM, Proxy Form and Circular to Shareholders in connection to the proposed renewal of share buy-back mandate. Members are advised to check SGXNet at the URL: https://www.sgx.com/securities/company-announcements and the Company's website at the URL: https://www.jihldgs.com for the aforesaid documents.

23. This notice and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the SGX-ST, this being the SGX-ST Listing Manual Section B: Rules of the Catalist. The Sponsor has not independently verified the contents of this notice.

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

    The contact person for the Sponsor is Mr Shervyn Essex, Registered Professional, RHT Capital Pte Ltd, at 6 Raffles Quay, #24-02, Singapore 048580, telephone (65) 6381 6966.

*A Relevant Intermediary is:

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

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

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

Personal data privacy:

By pre-registering for the Live Webcast/Live Audio Feed, submitting a Proxy Form appointing the Chairman of the AGM as proxy 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

JUBILEE INDUSTRIES HOLDINGS LTD.

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

ANNUAL GENERAL MEETING
PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting ("**AGM**") are set out in the Notice of AGM which has been uploaded together with this proxy form on SGXNet at the following URL: https://www.sgx.com/securities/company-announcements and the Company's website at the following URL: https://www.jihldgs.com on the same day.
2. A member will not be able to attend the AGM in person. Please see Note 3 below for further details.
3. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 November 2020.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors should approach their relevant intermediary as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least seven working days before the AGM to ensure their votes are submitted.

I/We*, ______________________ (Name) ______________________ (NRIC/Passport No./Company Regn. No.)

of ____ (Address)

being a member/members* of **JUBILEE INDUSTRIES HOLDINGS LTD.** (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as my/our* proxy to vote for me/us* on my/our* behalf at the AGM of the Company to be held by way of electronic means on 26 November 2020 at 10.00 a.m. and at any adjournment thereof. I/We* direct the Chairman of the AGM to vote for, against or to abstain from voting 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 AGM and at any adjournment thereof, the Chairman of the AGM will vote or abstain from voting at his discretion.

(If you wish to exercise all your votes "For", "Against" or to "Abstain" from voting, please indicate with a tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.)

No.	Ordinary Resolutions relating to:	For	Against	Abstain
1	Adoption of the Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2020			
2	Approval of Directors' fees of up to S$180,000 for the financial year ending 31 March 2021, to be paid half-yearly in arrears			
3	Re-election of Mr Kang Pang Kiang as a Director of the Company			
4	Re-election of Mr Cheong Keng Chuan, Alfred as a Director of the Company			
5	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor of the Company and to authorise the Directors to fix their remuneration			
6	Authority to grant awards and issue shares pursuant to the Jubilee Share Award Scheme			
7	Renewal of Share Buyback Mandate			
8	Authority to issue and allot shares in the capital of the Company			

Dated this __________ day of ____________________ 2020

Total Number of Shares Held

____

Signature of Shareholder(s)
and/or Common Seal of Corporate Shareholder

Notes :

The Proxy Form will be published on the Company's website at the URL https://www.jihldgs.com and will also be made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements. There will be no despatch of printed copies of the Annual Report, Notice of Annual General Meeting, Proxy Form and Circular to members.

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the AGM as proxy shall be deemed to relate to all the shares held by you.

2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM will be held by way of electronic means and member will NOT be allowed to attend the AGM in person.

3. A member will not be able to vote through Live Webcast/Live Audio Feed. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

4. The Chairman of the AGM, as a proxy, need not be a member of the Company.

5. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) and wishes to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the Meeting.

6. This Proxy Form must be submitted to the Company in the following manner:

   (a) by depositing a hard copy at the office of the Company's Share Registrar at 8 Robinson Road #03-00 ASO Building Singapore 048544; or

   (b) by sending a scanned PDF copy by email to main@zicoholdings.com

   in either case, not later than **10.00 a.m. 24 November 2020, and failing which, this Proxy Form will not be treated as valid**.

7. A member who wishes to submit an instrument of proxy must first **download, complete and sign the proxy form**, before submitting it by depositing to the address provided above, or scanning and sending it by email to the email address provided above.

8. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

9. The instrument appointing the Chairman of the AGM as the proxy must be under the hand of appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy 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 the Chairman of the AGM as proxy 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, failing which the instrument may be treated as invalid.

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

Personal Data Privacy:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 November 2020.

CORPORATE INFORMATION

JUBILEE INDUSTRIES HOLDINGS LTD.
Company Registration No. 200904797H

BOARD OF DIRECTORS

Terence Tea Yeok Kian
Executive Chairman and Chief Executive Officer

Cheong Keng Chuan Alfred
Lead Independent Director

Ng Siew Hoong Linus
Independent Director

Kang Pang Kiang, Alex
Non-Executive and Non-Independent Director

AUDIT COMMITTEE

Cheong Keng Chuan Alfred	*Chairman*
Ng Siew Hoong Linus	*Member*
Kang Pang Kiang, Alex	*Member*

REMUNERATION COMMITTEE

Cheong Keng Chuan Alfred	*Chairman*
Ng Siew Hoong Linus	*Member*
Kang Pang Kiang, Alex	*Member*

NOMINATING COMMITTEE

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

JOINT COMPANY SECRETARIES

Chew Kok Liang
Sng Ee Lian Eliane
Teo Chia Hui

REGISTERED OFFICE

10 Ubi Crescent Ubi Techpark
Lobby E #03-95 Singapore 408564
Tel: (65) 6311 2968/6311 2969
Fax: (65) 6311 2905
Website: www.jihldgs.com

CATALIST SPONSOR

RHT Capital Pte. Ltd.
6 Raffles Quay, #24-02, Singapore 048580

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
80 Robinson Road, #25-00
Singapore 068898
Director-in-Charge: Titus Kuan Tjian
(Appointed since financial year ended 31 March 2020)

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road #03-00 ASO Building
Singapore 048544
Tel: (65) 6593 4848
Fax: (65) 6593 4847
Email: main@zicoholdings.com

PRINCIPAL BANKER

United Overseas Bank Limited
80 Raffles Place, UOB Plaza 1
Singapore 048624

Standard Chartered Bank (Singapore) Limited
6 Battery Road
Singapore 049909

Maybank Singapore Limited
2 Battery Road
Singapore 049907

The Hong Kong and Shanghai Banking Corporation Limited
21 Collyer Quay
HSBC Building
Singapore 049320

Jubilee Industries Holdings Ltd.
千禧业科技公司

10 Ubi Crescent #03-94/95/96
Ubi Techpark Lobby E, Singapore 408564
Tel: (65) 6311 2968/6311 2969
Fax: (65) 6311 2905