



*ANNUAL REPORT 2018*



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Founded in 1993, Jackspeed Corporation Limited (“Jackspeed” or together with its subsidiaries, the “Group”) is a specialist manufacturer of custom-fitted automotive and aviation seat upholstery as well as interior parts. Leveraging on its experience in the seat upholstery business, Jackspeed further broadened its product portfolio into the automotive accessories sector and expanded its footprint into the business of trading, leasing and renting of commercial and passenger vehicles.

## ***CORPORATE PROFILE***

Headquartered in Singapore, Jackspeed has since established manufacturing facilities in Malaysia and Thailand as well as a sales office in Australia.

Jackspeed is renowned internationally for quality automotive and aviation products. Its commitment to customer satisfaction is the cornerstone of its brand premium and forms the foundation of its continued progress in the highly competitive market.

Capitalising on its technical competency, fine craftsmanship and keen attention to details, Jackspeed is a global leader in the niche market for vehicle seat upholstery and accessories customisation.

Through its avant-garde designs, state-of-the-art technology and wide range of materials available (including genuine leather, vinyl and fabric that meet OEM specifications), Jackspeed is capable

of developing unique vehicle seat upholstery and accessories that are personalised according to each of its customers’ needs.

### **Our Business Sectors**

#### **Automotive**

Manufacturing and installation of automotive seat upholstery and accessories

#### **Aviation**

Manufacturing of seat upholstery for the aviation industry

#### **Services**

- Trading of commercial and passenger vehicles (new and used)
- Rental of commercial and passenger vehicles
- Auto-financing
- Motor and other insurances

## OUR PRODUCTS

### Automotive Interior

We provide upholstery for automotive seats, console box, door panel, door handle, steering wheel, gear gaiter and roof lining.



Leather Seat Cover



Console Box



Steering Wheel



Gear Gaiter



Roof Lining



Door Panel and Door Handle

### Automotive Accessories

We have the capability to supply automotive accessories including but not limited to the following:



Roof Bar



Rear Bumper



Canopy



Scuff Plate



Muffler Cover



Sunroof



Sports Bar



Electronics



Engine Side Cover

### Aviation

We have the capability to do seat upholstery in the aviation industry.

### Services

We provide a one-stop solution for:



Buy, Sell and Rental of Vehicles



Auto Financing for Vehicles



Motor and Other Insurance





*A PREMIUM BRAND  
WITH QUALITY AND  
FINE CRAFTSMANSHIP*

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# LETTER TO SHAREHOLDERS



## DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report for Jackspeed Corporation Limited (the “**Company**” or together with its subsidiaries, the “**Group**”) for the financial year ended 28 February 2018 (“**FY2018**”).

### FINANCIAL PERFORMANCE AND FINANCIAL POSITION

The Group’s balance sheet and financials have been seeing improvement and growth since the turn of the decade. In terms of profitability, the Group experienced its highest profit in FY2018 since the Company was listed on the Singapore Exchange in 2003. Net profit attributable to shareholders increased by \$1.2 million or 27%, from \$4.4 million in FY2017 to \$5.6 million in FY2018.

The Group had also maintained its healthy financial position with cash and cash equivalents of \$18.4 million in FY2018.

### DIVIDENDS

In appreciation of our shareholders, the Company is proposing a final dividend of 0.5 cent per ordinary share for FY2018. This is in addition to the interim dividend of 0.5 cent per ordinary share paid out in FY2018.

### LOOKING AHEAD

Keeping the objectives to achieve long term growth in business and to maximise shareholders’ value, we will continue to exercise financial prudence in all aspects of our operations, develop our existing markets and explore new business opportunities.

### APPRECIATION

On behalf of the Board of Directors, we would like to thank our staff for their continued dedication and support. We would also like to express our appreciation to all our shareholders, customers, suppliers, business associates and bankers who have worked closely with us and we look forward to your continued support.

Sincerely,

**YAP KIAN PENG**

Executive Deputy Chairman and  
Chief Executive Officer

## ***OPERATIONS REVIEW***



### **FINANCIAL PERFORMANCE AND FINANCIAL POSITION**

The Group concluded FY2018 with significant improvement in the net profit attributable to shareholders, an increase of \$1.2 million or 27% from \$4.4 million in FY2017 to \$5.6 million in FY2018. This increase is mainly attributed to higher profit margins achieved in FY2018.

The Group continued to maintain a healthy cash position of \$18.4 million as at FY2018.

### **SEGMENTAL CONTRIBUTION**

The Accessories and Non-Accessories segments accounted for 57% and 43% of the Group's revenue respectively in FY2018 as compared to 36% and 64% respectively in the prior year.

The Group shall monitor and review its business segments from time to time and implement necessary changes as and when required.

### **ACCESSORIES SEGMENT**

Revenue from the Accessories segment grew by \$5.3 million or 21% from \$24.5 million in FY2017 to \$29.8 million in FY2018.

Operating profit from the Accessories segment increased correspondingly with revenue by \$1.8 million from \$3.9 million in FY2017 to \$5.7 million in FY2018.

### **NON-ACCESSORIES SEGMENT**

The Non-Accessories segment recorded lower revenue of \$22.7 million in FY2018, a decrease of \$20.4 million or 47% from \$43.1 million in FY2017. This is mainly due to a decrease in the volume of motor vehicles traded.

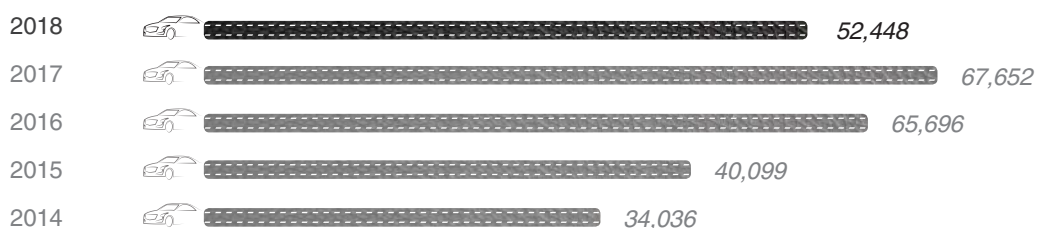
Despite lower revenue, operating profit from the Non-Accessories segment remained consistent at \$4.3 million in FY2018 as compared to \$4.5 million in FY2017.



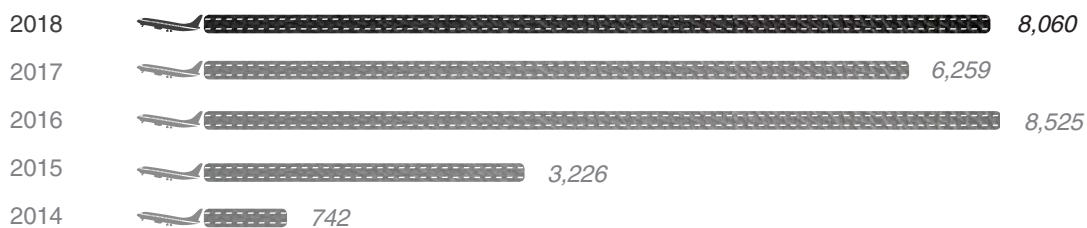
## FINANCIAL HIGHLIGHTS

	FY2014 (S\$'000)	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	FY2018 (S\$'000)
<b>Revenue</b>	34,036	40,099	65,696	67,652	<b>52,448</b>
<b>Profit before tax</b>	742	3,226	8,525	6,259	<b>8,060</b>
<b>Earnings attributable to equity holders of the company</b>	540	2,313	7,351	4,368	<b>5,574</b>
<b>Earnings per share (cents)</b>	0.22	0.92	2.93	1.74	<b>1.96</b>

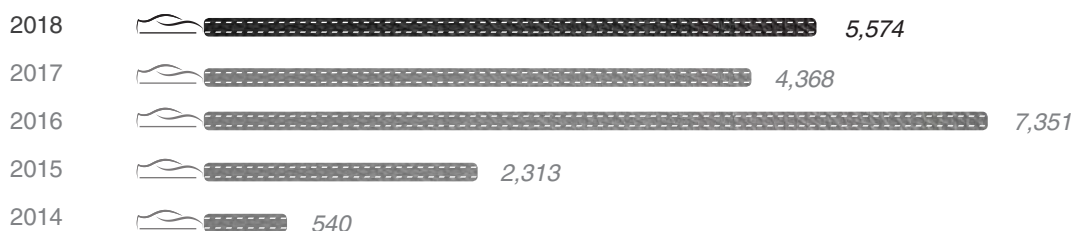
### Revenue (S\$'000)



### Profit Before Tax (S\$'000)



### Earnings Attributable to Equity Holders of The Company (S\$'000)







***RIDING IN  
STYLE AND LUXURY***

## ***BOARD OF DIRECTORS***



### ***Mr Chin Yew Choong David***

Mr Chin was appointed as the Independent Non-Executive Chairman for the Group on 24 January 2014. He has served as an Independent Director for the Group since 31 May 2011. He is the Chairman of the Remuneration Committee and is also a Member of the Audit Committee and Nominating Committee.

Mr Chin is currently a Director in the Regional Desk Practice of Rajah & Tann Singapore LLP. He was previously with Drew & Napier since 1985 and became a partner in 1992. Upon incorporation in 2001, he was a director of Drew & Napier LLC until 2012. He became a Consultant with Drew & Napier LLC from 2012 until 2015 after which he joined Rajah & Tann Singapore LLP.

Mr Chin graduated with a Bachelor of Laws (Honours) degree from National University of Singapore and was called to the Bar in 1985.

Mr Chin also serves on the board of M Development Ltd. and Universal Resources and Services Limited, which are listed on the SGX Mainboard.



### ***Mr Yap Kian Peng***

Mr Yap was appointed as the Executive Deputy Chairman on 24 January 2014 and Chief Executive Officer for the Group on 2 December 2011. He has served as Executive Chairman for the Group between 16 December 2010 to 24 January 2014. He is responsible for charting and reviewing our corporate direction and business strategies.

Since 2005, Mr Yap has been an Executive Director of Capital Equity Holdings Pte Ltd, a private equity investment company.

Mr Yap joined Oversea-Chinese Banking Corporation Limited in 1992 and was promoted to Assistant Manager before leaving in 1998. From 1998 to 2000, he was a Director of You Yi Glass Contractor Pte Ltd, a company engaged in the business of trading in glass sheets. Mr Yap joined Maybank as a Senior Business Development Manager in 2001 and was subsequently promoted to Team Head of Trade Finance Business Development Group.

Mr Yap graduated from RMIT University, Australia with a Bachelor Degree in Business (Business Administration).

Mr Yap also serves on the board of M Development Ltd. and Seroja Investments Limited, which are listed on the SGX Mainboard, and Soon Lian Holdings Limited, which is listed on the Catalist.



### ***Mr Toh Tiong San***

Mr Toh was appointed as the Independent Director of the Company on 21 September 2015. He is the Chairman of the Audit Committee and Nominating Committee and is also a Member of the Remuneration Committee.

Mr Toh has more than 20 years of experience in private equity, fund management and corporate finance. He was awarded the Chartered Financial Analyst Charter in 1998.

In 1991, Mr Toh joined DBS Bank Ltd.'s ("DBS") private equity arm and was responsible for deal origination, due diligence, deal structuring, valuation, financial modeling, investment monitoring and divestments. He was also in DBS's capital market services arm where he was involved in merger and acquisition activities, financial engineering and securitisation. In 2000, Mr Toh joined Temasek Holdings as the Director of Investments, responsible for investment of listed and private companies (including companies that were honoured the Enterprise 50 Awards) in industries spanning food and beverage, services, internet to private education.

From 2006 to 2007 and 2009 to 2012, Mr Toh was appointed the Managing Director of Emirates Tarian Asset Management Pte Ltd ("ETAM"), responsible for setting up and running the fund management operations. Mr Toh successfully transformed ETAM into an established boutique fund management outfit before he left in 2012.

Mr Toh, who was awarded a scholarship from DBS, graduated from National University of Singapore with an Honours Degree in Electrical Engineering.



### ***Ms Chua Sze Chyi***

Ms Chua was appointed as the Executive Director of the Company on 26 April 2012. She is responsible for overseeing and supervising the Finance Department as well as monitoring the performance of the subsidiaries.

Prior to joining the Company in 2010, Ms Chua has served several years in an international auditing firm.

Ms Chua graduated with a Bachelor of Accountancy (Honours) from Nanyang Technological University. She is a member of the Institute of Singapore Chartered Accountants.



## KEY MANAGEMENT



### *Mr Chien Ming-Chen*

was appointed as the General Manager of Jackspeed Leather Special Manufacturer (M) Sdn Bhd (“JM”) in February 2014. He is also the General Manager of Dynasty Culture Sdn Bhd (“Dynasty”), a wholly-owned subsidiary acquired on 23 January 2014. Mr Chien first joined the Group from 1997 to 2005, holding the positions of General Manager of JM and subsequently Chief Operating Officer of the Group. Between 2005 to 2014, Mr Chien started Dynasty, a company which is in the business of manufacturing leather interiors for mainly automotive industry. He obtained a degree in Bachelor of Science in Electrical Engineering from Chung-Yuan Christian University, Taiwan.

### *Mr Lim Kian Kok*

was appointed as the General Manager of J.V. (Thailand) Co., Ltd in January 2009. He is responsible for overseeing and managing the Accessories Division in Thailand and Australia. Mr Lim joined the Group in 2001 as a Marketing Executive for our Malaysia factory. In 2004, he was made the Quality Assurance Manager of Malaysia operations and Group’s management representative for Quality, Environmental, Occupational Health and Safety management systems, responsible for the Group’s quality control procedures and continued compliance with ISO/TS 16949, ISO 14001 and OHSAS 18001 standards. He was promoted in 2005 to Assistant General Manager in charge of Malaysia operations. Mr Lim has a Bachelor in Business Administration from National Cheng Chi University, Taipei and was the Branch Officer-In-Charge at Hong Leong Assurance Bhd when he left in December 2000.

## ***CORPORATE INFORMATION***



### ***Board of Directors***

**Mr Chin Yew Choong David**  
(Independent Non-Executive  
Chairman)

**Mr Yap Kian Peng**  
(Executive Deputy Chairman and  
Chief Executive Officer)

**Mr Toh Tiong San**  
(Independent Director)

**Ms Chua Sze Chyi**  
(Executive Director and  
Group Financial Controller)

### ***Company Secretaries***

**Mr Chew Kok Liang**

**Ms Chua Sze Chyi**

### ***Audit Committee***

**Mr Toh Tiong San**  
(Chairman)

**Mr Chin Yew Choong David**

**Mr Yap Kian Peng**

### ***Remuneration Committee***

**Mr Chin Yew Choong David**  
(Chairman)

**Mr Toh Tiong San**

**Mr Yap Kian Peng**

### ***Nominating Committee***

**Mr Toh Tiong San**  
(Chairman)

**Mr Chin Yew Choong David**

**Ms Chua Sze Chyi**

### ***Registered Office***

221 Henderson Road #06-15  
Singapore 159557  
Tel: (65) 6273 0386  
Fax: (65) 6273 0396  
Website: [www.jackspeed.com](http://www.jackspeed.com)  
Email: [investor@jackspeed.com](mailto:investor@jackspeed.com)

### ***Share Registrar***

M & C Services Private Limited  
112 Robinson Road #05-01 Singapore  
068902

### ***Independent Auditor***

RSM Chio Lim LLP  
8 Wilkie Road  
#03-08 Wilkie Edge  
Singapore 228095

### ***Audit Partner-in-charge***

Mr Ng Thiam Soon  
Effective from financial year ended  
28 February 2018  
Number of years in-charge: 1 year

### ***Principal Bankers***

Malayan Banking Berhad  
United Overseas Bank Limited  
Oversea-Chinese Banking  
Corporation Limited  
Credit Suisse AG

### ***Registration Number***

199300300W

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## ***CORPORATE GOVERNANCE REPORT***

The Board of Directors (the “**Board**”) and Management of Jackspeed Corporation Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) place great importance on high standard of corporate conduct to uphold good corporate governance practices. This commitment and continuous support of the Code of Corporate Governance 2012 (the “**Code**”), can be seen from the efforts of the Board and Management to promote and maintain values that emphasise transparency, accountability, integrity and proper conduct at all times, in the business operations and dealings of the Group so as to create value for its stakeholders and safeguard the Group’s assets.

The report describes the practices the Company has undertaken with respect to each of the principles and guidelines; and the extent of its compliance with the Code. This report should be read as a whole, instead of being read separately under the different principles of the Code. The Company has complied in all material aspects with the principles and guidelines set out in the Code and any deviations are explained in this report.

### **BOARD MATTERS**

#### **The Board’s Conduct of Affairs**

**Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.**

#### **Role of the Board**

The Company is headed by an effective Board, comprising four directors of whom two are Executive Directors and two are Non-Executive Independent Directors. Their combined wealth and diversity of skills, experience, gender and knowledge of the Company enables them to contribute effectively to the strategic growth and governance of the Group.

The Board sets the overall business direction, provides guidance on the Company’s strategic plans, with particular attention paid to growth and financial performance and oversees the Management of the Company.

The principal functions of the Board, apart from its statutory responsibilities, include:-

- a) Providing entrepreneurial leadership, approving policies, setting strategies and financial objectives of the Company and monitoring the performance of Management;
- b) Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- c) Approving nominations to the Board, Board committee members and key personnel;
- d) Approving annual budgets, funding requirements, expansion programmes, capital investments, major acquisitions and divestments proposals;
- e) Setting the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- f) Considering sustainability issues as part of the Group’s strategic formulation.

All Directors discharge their duties and responsibilities objectively at all times as fiduciaries in the interest of the Company.

## CORPORATE GOVERNANCE REPORT

### Board Processes

To ensure the smooth and effective running of the Group and facilitate decision making, the Board has delegated some of its powers and functions to various Committees, namely the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”) (collectively “**Board Committees**”). These Board Committees are chaired by Independent Directors and operate within clearly defined terms of reference and play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed by the Board and Board Committee on a regular basis to ensure their continued relevance and to enhance the effectiveness of these Board Committees. The roles and responsibilities of these Board Committees are provided for in the latter sections of this Corporate Governance Report.

The schedule of all Board and Board Committee meetings for a calendar year is usually given to all Directors well in advance. Besides the scheduled half yearly meetings, the Board members meet on an ad-hoc basis as warranted by particular circumstances. Board meetings will be convened when they are deemed necessary to review the Group’s business operations, conduct strategic review of the business affairs and address other specific significant matters that arise. The Company’s Constitution (the “**Constitution**”) provide for the Board to convene meetings via telephonic and other electronic means. The Board also approves transactions through circular resolutions, which are circulated to the Board together with all relevant information relating to the proposed transaction.

The agenda for meetings is prepared in consultation with the Non-Executive Chairman, the Executive Directors and/or the Chairman of the Board committees. The agenda and meeting materials are circulated to the Board and Board committees in advance of the scheduled meetings.

The Directors are encouraged to make enquiries on any aspects of the Company’s operations or business issues from the Management. The Non-Executive Chairman or Executive Deputy Chairman and CEO or the Company Secretary will make the necessary arrangements for briefings, informal discussions or explanations, as and when required.

During the financial year, the Board members had met two times. The number of Board Meetings held and the attendance of each Board member at the meetings for the financial year ended 28 February 2018 (“**FY2018**”) are disclosed in the table reflected below:-

### Attendance Report of the Directors

Directors	Number of meetings held	Number of meetings attended
Chin Yew Choong David Non-Executive Chairman and Independent Director	2	2
Yap Kian Peng Executive Deputy Chairman and Chief Executive Officer (“ <b>CEO</b> ”)	2	2
Toh Tiong San Non-Executive Independent Director	2	2
Chua Sze Chyi Executive Director	2	2

The Directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its businesses. As such, we believe that each individual Director’s contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board Committees meetings.

## ***CORPORATE GOVERNANCE REPORT***

### **Matters Requiring Board Approval**

The Company has adopted internal guidelines setting forth matters that require the Board's approval. Matters that specifically require Board's approval are those involving annual budget, major funding and investment proposals, mergers and acquisition transactions, release of results announcements and any other announcements, appointment of Directors and Key Management Personnel and all other matters of material importance. The Board will review the guidelines on a periodical basis to ensure their relevance to the operations of the Company. The Management is responsible for the day-to-day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

### **Director Orientation and Training**

The Company conducts briefing and orientation programs for new directors to familiarise themselves with the Company's structure and organisation, businesses and governance policies. Upon appointment, each newly appointed director will be briefed by the Chief Executive Officer and/or senior Management of the Company on the business activities of the Group and its strategic directions, as well as setting out their duties and responsibilities as directors. The aim of the orientation program is to give directors a better understanding of the Company's businesses and allow them to assimilate into their new roles. New directors are also informed about matters such as the Code of Dealing in the Company's shares. Changes to regulation and accounting standards are monitored closely by the Management. The Directors and key management personnel are encouraged to attend relevant training programmes, courses, conference and seminar on new laws, regulations and updates on commercial areas conducted by relevant professional organisation from time to time. Changes to regulations and accounting standards are monitored closely by the Management. The Board has received updates on changes in listing rules, regulatory requirements, corporate governance guidelines and best practices on regular basis.

To keep pace with regulatory changes, the Company provides opportunities for on-going education on Board processes and best practices, as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") that will affect the Company and/or Directors in discharging their duties. Board members are also encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company may fund the appropriate training and development programmes for the Directors. The Company works closely with professionals to provide its Directors with pertinent information in relation to changes to relevant laws, regulations and accounting standards.

### **Board Composition and Guidance**

**Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

The Company endeavours to maintain a strong and independent element on the Board and will continue to review the Board size to ensure that it is appropriate and effective to facilitate decision making. In view of the small operation of the Company, the Board and NC were of the view that the current Board size of 4 directors with 2 Executive and 2 Independent are sufficient at this point in time with the current operation of the Company. The Board and NC will continue to review the composition and Board size as and when the circumstances arise.

The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers or its 10% shareholders that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment. The NC has reviewed the 'Confirmation of Independence' forms completed by each Independent Director and is satisfied that half of the Board comprises of Independent Directors. The Board has adopted the Code's criteria on an Independent Director. The independence of each Director is reviewed annually by the NC in accordance with the Code's definition of independence.



## CORPORATE GOVERNANCE REPORT

Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions are based on collective decision, without any individual or small group of individuals influencing or dominating the decision making process.

The Board will review its current size to ensure that it is appropriate and effective to facilitate decision making, taking into account the nature and scope of the Company's operations. Together, the Board members possess an appropriate balance of core competencies and diversity of skills, experience, gender and knowledge to lead the Company. Details of the Board members' qualifications and experience are presented in this Annual Report under the heading of "Board of Directors".

Although all the Directors bear an equal responsibility for the Group's operations, the Independent Directors play an important role in ensuring that the strategies proposed by the Management are constructively challenged and developed by taking into account the long-term interests of the shareholders. The Independent Directors are encouraged to meet, without the presence of Management in order to facilitate a more effective check on Management.

To-date, none of the Independent Directors of the Company has been appointed as Director of the Company's principal subsidiaries, which are based in Singapore.

During FY2018, the composition of Board is as follows:-

Directors	Designation
Chin Yew Choong David	Non-Executive Chairman and Independent Director
Yap Kian Peng	Executive Deputy Chairman and CEO
Toh Tiong San	Non-Executive Independent Director
Chua Sze Chyi	Executive Director

### Chairman and Chief Executive Officer

**Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.**

The Company has a separate Chairman and CEO to ensure an appropriate balance of power, increased accountability and greater capacity for the Board in terms of independent decision making. Mr Chin Yew Choong David is the Non-Executive Chairman of the Board and is considered Independent. As the Non-Executive Chairman, he exercises control over the quality, quantity and timeliness of information flow between the Management and the Board. He ensures that the Board receives accurate, timely and clear information; and that effective communication is maintained with the shareholders. He facilitates constructive discussions within the Board and between the Board and Management and encourages their effective contributions.

In addition, the Non-Executive Chairman ensures that regular Board meetings are held, ad-hoc meetings are convened when necessary, the Board is updated on the Group's affairs, oversees the preparation of the agenda for Board meetings and the Group's compliance with the Code. The Non-Executive Chairman also ensures that the Board members are provided with complete, adequate and timely information and that board papers include sufficient financial, business and corporate information for Board members to appraise on matters to be discussed during Board meetings. He also takes a leading role in promoting high standards of corporate governance.

Mr Yap Kian Peng is both the Executive Deputy Chairman and CEO of the Company. As the CEO, he is involved in the day-to-day business of the Group and leads Management in setting strategies, objectives and is responsible for the development and financial performance of the Group.

## ***CORPORATE GOVERNANCE REPORT***

All major decisions made by the Board are subject to majority approval of the Board and are reviewed by the AC, whose members comprise a majority of Non-Executive Independent Directors. The Executive Directors' performance and remuneration are reviewed annually by the NC and RC respectively, whose members comprise a majority of Non-Executive Independent Directors of the Company. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

### **Board Membership**

**Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.**

The Board has delegated to the NC the functions of developing and maintaining a transparent and formal process for the appointment and re-appointment of Directors, making recommendations for Directors who are due for retirement by rotation to seek re-election at a general meeting and determining the independence of each Director.

Currently, the NC comprises three members, the majority of whom, including the Chairman, are Non-Executive Independent Directors.

As at the date of this report, the members of the NC are:-

- (1) Toh Tiong San (Chairman)
- (2) Chin Yew Choong David
- (3) Chua Sze Chyi

The NC Chairman is also a Director who has no relationship with the Company, its related corporations, its 10% shareholders or its officer and is not directly associated with 10% shareholders. The NC is established for the purposes of ensuring that there is a formal and transparent process for all board appointments. It has adopted written terms of reference defining its membership, administration and duties.

The number of NC Meetings held and the attendance of each member at the meetings during FY2018 are as follows:-

<b>Names of Members</b>	<b>Number of meeting held</b>	<b>Number of meeting attended</b>
Toh Tiong San	1	1
Chin Yew Choong David	1	1
Chua Sze Chyi	1	1

The NC is regulated by its terms of reference and its key functions include:-

- a) Reviewing the Board structure, size and composition;
- b) Assessing nominees or candidates for appointment or election to the Board and making plans for succession, in particular for the Chairman and the CEO;
- c) Assessing the effectiveness of the Board and its committees;
- d) Assessing the contribution, performance and effectiveness of each Director, in particular when a Director has multiple board representations and having regard to the Director's contribution and performance;
- e) Reviewing the independence of the Directors on an annual basis; and
- f) Deciding whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company based on internal guidelines such as attendance, contactability and responsiveness.

## CORPORATE GOVERNANCE REPORT

All Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Regulation 107 of the Company's Constitution requires one-third of the Board to retire and submit themselves to re-election by the shareholders in every Annual General Meeting ("AGM"). A newly appointed Director must also subject himself or herself for retirement and re-election at the next AGM immediately following his or her appointment. The Board and the NC had developed a process of evaluation of performance of the Board and Board Committees through establishment of quantifiable performance criteria.

The NC has recommended and the Board has approved the re-election of Mr Yap Kian Peng and Mr Toh Tiong San, who are retiring at the forthcoming AGM for FY2018. Each member of the NC shall abstain from voting on any resolutions and making recommendation and/or participating in any deliberations of the NC in respect of his or her re-nomination as a Director.

The dates of first appointment and last election of each Director, together with their Directorships in other listed companies, are as follows:-

Name of Directors	Appointment	Date of first appointment/ Date of last re-election	Directorships in other listed companies	Past directorships in other listed companies and other major appointments over the preceding three (3) years
Chin Yew Choong David	Non-Executive Chairman and Independent Director	31 May 2011 / 20 June 2016	<ul style="list-style-type: none"> <li>• M Development Ltd.</li> <li>• Universal Resources and Services Limited</li> </ul>	–
Yap Kian Peng	Executive Deputy Chairman and CEO	16 December 2010 / 20 June 2016	<ul style="list-style-type: none"> <li>• M Development Ltd.</li> <li>• Seroja Investments Limited</li> <li>• Soon Lian Holdings Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Travelite Holdings Ltd.</li> <li>• Sincap Group Limited</li> </ul>
Toh Tiong San	Non-Executive Independent Director	21 September 2015 / 20 June 2016	–	–
Chua Sze Chyi	Executive Director	26 April 2012 / 27 June 2017	–	–

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

Despite some of the Directors having multiple Board representation, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company, after taking into consideration the number of listed company board representations and other principal commitments. Currently, the Board has not determined the maximum number of listed board representations which any Director may hold. The Board believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, bearing in mind his or her other commitments. The NC and the Board will review the requirement to determine the maximum number of listed board representations as and when it deems fit.

Currently, the Company does not have any alternate Director.

Where a vacancy arises, the NC will consider each candidate based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification, experience, ability to contribute effectively to the Board and to add value to the Group's business, in line with its strategic objectives before recommending the suitable candidate to the Board for approval. There is no new director appointed on Board during the year.



## ***CORPORATE GOVERNANCE REPORT***

Candidates may be suggested by Directors and Management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his or her responsibilities, good decision making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidates who must stand for election at the next AGM of shareholders.

### **Board Performance**

**Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.**

In line with the principles of good corporate governance, the Board has implemented a structure process to be carried out by the NC to evaluate the performance and effectiveness of the Board as a whole and its board committees annually. The NC has met to discuss the evaluation of the performance of the Board and its committees; and has adopted a formal evaluation process to assess the effectiveness of the Board and its committees. Any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration and appropriate measures to be taken. The performance criterion includes financial targets, the contribution by Directors, their expertise, their sense of independence and their industry knowledge. This encourages constructive feedback from the Board and leads to an enhancement of its performance over time. Selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The NC has decided unanimously, that the Directors will not be evaluated individually but factors taken into consideration for re-nomination are the extent of their attendance, preparedness, participation and contributions in the proceedings of the meetings.

The NC, in considering the re-nomination of any Director, had considered factors including their performance in the Board as a whole, its Board Committees and individual performance including his or her attendance, preparedness, participation and contributions in the proceedings of the meetings.

### **Access to Information**

**Principle 6: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

The Board is furnished with board papers and any other related materials in advance, prior to any Board meeting. These papers are issued to enable the Directors to obtain additional information or explanations from the Management, if necessary. Management ensures that any additional information requested for is provided to the Directors in a timely manner.

The Board has separate and independent access to the Management team and the Company Secretary on all matters whenever they deemed necessary. The Company Secretary provides the Board with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST. The Company Secretary or his representatives attend all meetings of the Board and the Board Committees and assist the Chairman of the Board and each Board Committee in ensuring that the relevant procedures are followed and reviewed such that the Board and the Board Committees function effectively.

The appointment and removal of the Company Secretary is a matter for the Board as a whole. Where necessary, the Company will, upon the request of Directors in the furtherance of their duties (whether as a group or individual), on a case-to-case basis, provide them with independent and professional advice, to enable them to discharge their duties. The costs of such professional advice may be borne by the Company.

## CORPORATE GOVERNANCE REPORT

### Procedures for Developing Remuneration Policies

**Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his or her own remuneration.**

The RC currently comprises of three members, the majority of whom including the Chairman are Non-Executive Independent Directors.

During FY2018, the members of the RC are:-

- (1) Chin Yew Choong David (Chairman)
- (2) Toh Tiong San
- (3) Yap Kian Peng

The RC is established for the purposes of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Director. The overriding principle is that no Director should be involved in deciding his or her own remuneration. It has adopted written terms of reference that defines its membership, roles, functions and administration.

The number of RC Meetings held and the attendance of each member at the meetings during FY2018 are as follows:-

Names of Members	Number of meeting held	Number of meeting attended
Chin Yew Choong David	1	1
Toh Tiong San	1	1
Yap Kian Peng	1	1

The duties of the RC include:-

- (a) Reviewing and recommending to the Board a framework of remuneration and specific remuneration packages for Executive Directors, CEO and Key Executives of the Company;
- (b) Reviewing the remuneration packages of all managerial staff that are related to any of the Executive Directors, CEO or substantial shareholder of the Company or any of its principal subsidiaries; and
- (c) Reviewing and recommending to the Board (in consultation with Senior Management and the Chairman of the Board), Employees' Share Option Schemes or any long-term incentive scheme when applicable.

The RC has reviewed the framework of remuneration for the Directors and Key Management Personnel, and has determined specific remuneration packages for the Executive Directors as well as for the Key Management Personnel. The recommendations of the RC are made in consultation with the Non-Executive Chairman and submitted for endorsement by the entire Board.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share option scheme and benefit-in-kind shall be covered by the RC. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

In structuring and reviewing the remuneration packages, the RC seeks to align the interests of Directors and Key Management Personnel with those of shareholders by linking rewards to corporate and individual performance, as well as roles and responsibilities of each Director. The RC will also review the Group's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoids rewarding poor performance.

## ***CORPORATE GOVERNANCE REPORT***

The RC, in considering the remuneration of all Directors, has not sought external professional advice nor appointed independent remuneration consultants.

The Directors' fees to be paid to the Directors are subject to shareholders' approval at the forthcoming AGM for FY2018.

### **Level and Mix of Remuneration**

**Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) Key Management Personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.**

The RC reviews the remuneration packages for the Executive Directors and Key Management Personnel. In its review, the RC takes into consideration the pay and employment conditions within the industry and comparable companies, as well as the Company's relative performance and the performance of the individual Director and Key Management Personnel when setting remuneration packages so as to attract, retain and motivate them to run the Group successfully.

The Non-Executive Independent Directors and Executive Directors receive Directors' fees. In determining the quantum of Directors' fees, factors such as effort and time spent, and responsibilities of the Directors are taken into account.

The RC ensures that none of the Non-Executive Independent Directors are over-compensated to the extent that their independence may be compromised. The Directors' fees are subject to shareholders' approval at the forthcoming AGM for FY2018. The remuneration policies for Key Management Personnel are based largely on the Company's performance and the responsibilities and performance of each individual Key Management Personnel. The RC recommends the remuneration packages of Key Management Personnel to the Board for approval.

The RC is of the view that the variable component of the remuneration packages of the Executive Directors and Key Management Personnel are moderate. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. Therefore, there is no necessity for the Company to institute contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

### **Disclosure on Remuneration**

**Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and Key Management Personnel, and performance.**

The Company believes that the disclosure of the remuneration of the Directors and top five Key Management Personnel (Executives who are not Directors) in bands of S\$250,000 provides sufficient overview of the remuneration of the Group while maintaining confidentiality of staff remuneration matters and is in the best interests of the Group given the competitive conditions in the industry.



## CORPORATE GOVERNANCE REPORT

The remuneration of Directors for FY2018 is as follows:-

Directors	Remuneration Band	Base Salary (%) <sup>(1)</sup>	Bonus (%)	Directors' Fee (%) <sup>(2)</sup>	Allowance (%)	Total (%)
Yap Kian Peng	S\$750,000 to S\$1,000,000	49	46	5	–	100
Chua Sze Chyi	S\$250,000 to S\$500,000	59	30	11	–	100
Chin Yew Choong David	Below S\$250,000	–	–	100	–	100
Toh Tiong San		–	–	100	–	100

<sup>(1)</sup> Includes employer's Central Provision Fund contributions.

<sup>(2)</sup> Directors' fees are subjected to shareholders' approval at the AGM to be held on 26 June 2018.

The range of gross remuneration of the top five Key Management Personnel (Executives who are not Directors) of the Company is as follows:-

Executives	Remuneration Band	Base Salary (%) <sup>(1)</sup>	Bonus (%)	Allowance (%)	Total (%)
Cheong Hong Lian	Below S\$250,000	71	29	–	100
Chien Ming-Chen		86	–	14	100
Lim Kian Kok		62	37	1	100
Lim Pei Yun		99	–	1	100
Pollasate Yimruang		71	29	–	100

<sup>(1)</sup> Includes employer's Central Provision Fund contributions.

The aggregate total remuneration paid to the top five Key Management Personnel (who are not Directors or the CEO) for FY2018 is approximately S\$431,000.

There is no employee of the Group who is an immediate family member of any Director or the CEO or a controlling shareholder and whose remuneration has exceeded S\$50,000 during FY2018.

No termination, retirement and post-employment or other long-term incentives have been granted to the Directors or Key Management Personnel during FY2018.

### Jackspeed Share Award Scheme

The Company had adopted a performance share plan known as the "Jackspeed Share Award Scheme" (the "**Scheme**"), which was approved at an Extraordinary General Meeting of the Company's shareholders held on 26 June 2013. The RC is responsible for the administration of the Scheme.

The Scheme will provide an opportunity for Group employees, Directors of the Group and Non-Executive Directors to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The Scheme is designed to complement the Company's efforts to reward, retain and motivate employees to achieve better performance. With the Scheme, the Company will have greater flexibility in tailoring reward and incentive packages suitable for participants and align participants' interests with those of shareholders.

## ***CORPORATE GOVERNANCE REPORT***

The focus of the Scheme is to inculcate in participants a stronger and more lasting sense of identification with the Group, and to further strengthen the Company's competitiveness in attracting and retaining talented employees, especially employees who have the requisite knowledge, technical skills and experience which the Company believes could contribute to the development and growth of the Group.

The Awards given to a particular participant under the Scheme will be determined at the discretion of the RC who will take into account factors such as the participant's capability, scope of responsibility, skill and vulnerability to leaving the employment of the Group. The RC will also consider the compensation and/or benefits to be given to the participant under the Scheme. The RC may also set specific criteria and performance targets for each of its business units, taking into account factors such as (i) the Company's and the Group's business goals and directions for each financial year; (ii) the participant's actual job scope and responsibilities; and (iii) the prevailing economic conditions.

The Scheme is a performance incentive scheme which will form an integral part of the Group's incentive compensation program. The Scheme shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date which the Scheme is adopted by the Company in general meeting, provided always that it may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Company has not granted any Awards since the date of approval of the Scheme. Accordingly, the disclosure requirements under Rule 852(1)(b), (c) and (d) of the SGX-ST Listing Manual are not applicable.

### **Accountability**

**Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

The Board is accountable to the shareholders while the Management is accountable to the Board. As defined in the Code, the Board presents to shareholders a balanced and understandable assessment of the Company's performance, position and prospect. The Management provides all Board members with management reports and accounts, which reflect a balanced, understandable assessment of the Company's performance, position and prospect on a regular basis.

The Board has also taken steps to ensure compliance with legislative and regulatory requirements. In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year review, the CEO and Group Financial Controller have provided assurance to the Board on the integrity of the Group's financial statements.

All the directors and executive officers of the Company also signed undertaking letters pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

It is the Board's policy to provide the shareholders with all important and price sensitive information on a timely basis. These are done through the SGXNET in the form of half-yearly announcements, or as and when necessary.

### **Risk Management and Internal Controls**

**Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**

The Board is responsible for the overall internal control framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance, information technology risks and the risk management systems. The objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and assets are safeguarded.

## ***CORPORATE GOVERNANCE REPORT***

Relying on the reports from the External Auditors, the AC carried out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the External Auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the management on the recommendations made by the External Auditors.

The Board also notes that all internal control systems and risk managements systems contain inherent limitations and no system of internal controls or risk management system could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human errors, losses, fraud or other irregularities.

For FY2018, the Board has received assurances from the CEO and the Group Financial Controller of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the effectiveness of the Group's risk management and internal control systems.

Based on the External Auditors' report, the existing management controls put in place and reviews by the Management, the Board with the concurrence of the AC is of the opinion that the Group's internal controls and risk management procedures in addressing financial, operational, compliance and information technology controls and risk management systems maintained by the Group during the year were adequate and effective for FY2018.

No risk committee has been established as the AC has assumed the responsibility of the risk management function and oversees the overall adequacy and effectiveness of the Company's risk management systems and procedures. The internal control and risk management functions are performed by the Group's Key Management Personnel and reported to the AC for review. The Company will consider the need to establish a risk management committee to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies should circumstances change.

### **Audit Committee**

**Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.**

The AC currently comprises of three members, the majority of whom are Non-Executive Independent Directors.

During FY2018, the members of the AC are:-

- (1) Toh Tiong San (Chairman)
- (2) Chin Yew Choong David
- (3) Yap Kian Peng

The AC is established to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal control. The Board is of the opinion that the members of the AC possess the necessary qualifications and experience in discharging their duties. The details of the Board members' qualifications and experience are presented in this Annual Report under the heading "Board of Directors".

The AC is governed by its terms of reference, which was reviewed and amended, where appropriate, to adopt relevant best practices set out in the Guidebook and the Code. The terms of reference is used as a reference to assist the AC in discharging its responsibilities and duties, which include:-

- (a) Reviewing the audit plan, system of internal controls and the audit report in consultation with the External Auditors and reporting to the Board of Directors at least annually;
- (b) Reviewing the assistance given by the Company's officers to the External Auditors;
- (c) Reviewing the independence and objectivity of the External Auditors annually;

## ***CORPORATE GOVERNANCE REPORT***

- (d) Nominating External Auditors for re-appointment;
- (e) Reviewing the half-year and full-year results and the respective announcements before submission to the Board of Directors;
- (f) To give due consideration to the requirements of Listing Manual of the SGX-ST; and
- (g) Reviewing interested person transactions in accordance with the requirements of Listing Manual of the SGX-ST.

In discharging the above duties, the AC confirms that it has full access to and co-operation from Management and is given full discretion to invite any Executive Director to attend its meetings. In addition, the AC has also been given reasonable resources to enable it to perform its functions properly.

The AC, having reviewed the scope and value of non-audit services provided to the Group by the External Auditors, are satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors. The AC has recommended to the Directors the nomination of Messrs RSM Chio Lim LLP for re-appointment as External Auditors of the Company at the forthcoming AGM for FY2018.

The Company has paid the following aggregate amount of fees to External Auditors, for services rendered for FY2018:-

<b>Fees to External Auditors</b>	<b>Group</b>	
	<b>2018 S\$'000</b>	<b>2017 S\$'000</b>
Audit services (RSM Chio Lim LLP)	115	115
Audit services (other External Auditors)	27	26
Non-audit service	12	12
Total	154	153

The AC meets with the External Auditors, without the presence of the Company's Management, at least once a year.

The AC and the Board of the Company confirmed that in appointing the auditing firms for the Company, subsidiaries and significant associated companies, the Group has complied with SGX-ST Listing Rules 712 and 716 respectively.

In July 2010, the Singapore Exchange Limited and ACRA had launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the External Auditors. In October 2015 with the support from SGX-ST and Singapore Institute of Directors, ACRA issued the "Audit Quality Indicators" ("**AQIs**") disclosure framework to assist the AC in the said evaluation. Accordingly, the AC had evaluated the performance of the External Auditors based on the AQIs, such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, taking into account the size and complexity of the Group.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the External Auditors in their meetings with the AC. No former partner or Director of the Company's existing auditing firm has acted as a member of the AC.

With the introduction of the new and revised Auditor Reporting Standards applicable to the audit of financial statements for periods ending on or after 15 December 2016, the External Auditors are required to include the Key Audit Matters ("**KAM**") in the Independent Auditor's Report of the Company. KAM typically include significant risk areas of the financial statements most susceptible to misstatements, involving key judgements and estimates, as well as major transactions that require extensive auditing efforts. In line with the recommendations by SGX-ST, ACRA and Monetary Authority of Singapore to provide greater transparency and enhance the quality of SGX-ST listed companies' corporate reporting, the AC had discussed and noted, together with the External Auditors and the Management, on the approach and methodology applied by the External Auditors in relation to the assessment of judgements and estimates on the significant matters reported in the KAM.



## CORPORATE GOVERNANCE REPORT

The Company has adopted a Whistle Blowing Policy with the objective of providing a process for staff to raise, in confidence and without fear of retaliation, incidents of possible improprieties in matters of financial reporting or other matters to the Chairman of the AC.

During FY2018, the AC members have met twice and the details of attendance are as follows:-

Names of Members	Number of meetings held	Number of meetings attended
Toh Tiong San	2	2
Chin Yew Choong David	2	2
Yap Kian Peng	2	2

### Internal Audit

**Principle 13: The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.**

The Board recognises the importance of maintaining an internal audit function to provide an independent assurance over the soundness of the system of internal controls within the Group to safeguard shareholders' investments and the Company's assets. The AC has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between Internal Auditors, External Auditors and Management, and ensure that the Internal Auditors meets or exceeds the standards set by nationally or internationally recognised professional bodies. The AC also reviews and approves the hiring, removal and evaluates its outsourced Internal Auditors.

The AC and the Board recognise the need for a robust and effective system of internal controls. In view of the small size of the Group's business and operations, the AC was of the view that the appointment of professional Internal Auditors to conduct the internal audit review in FY2018 would involve expenses unduly out of proportion to its value. Notwithstanding the aforementioned, the AC will review the need to engage external professional Internal Auditors as and when it deems necessary.

For FY2018, the AC has reviewed the internal controls based on the report from CEO and Group Financial Controller, and assurance from the CEO and Group Financial Controller of the Company. In addition, both the AC and External Auditors met to discuss for the matters pertaining to the Company's statutory audits. The External Auditors were also invited to attend the AC meetings of the Company held for FY2018.

### Shareholder Rights

**Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.**

In line with the continuous obligations of the Company under the SGX-ST Listing Manual and the Companies Act, the Board ensures that all shareholders are equally and on a timely basis, be informed of any developments that would be likely to materially impact the Group. All material and price-sensitive information is released through the SGXNET.

All shareholders will receive the Annual Report together with the notice of AGM by post, which will also be published in the newspaper and via the SGXNET within the mandatory period. Accompanying the notice of AGM will be a copy of the proxy form, which will allow shareholders to appoint a maximum of 2 proxies to attend, vote and question the Board and Management, for and on behalf of the shareholders who are not able to attend the general meeting personally. This encourages and provides shareholders with an opportunity to participate effectively and vote at the general meeting.

## ***CORPORATE GOVERNANCE REPORT***

### **Communication with Shareholders**

**Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**

The Company endeavours to communicate regularly, effectively and fairly with its shareholders. The Board ensures that materials and information helpful to shareholders are released on a timely basis. The Company does not practice selective disclosure.

Information is communicated to shareholders on a timely basis and is made through:-

- (i) annual reports that are prepared and issued to all shareholders;
- (ii) half and full year results announcements; and
- (iii) disclosure to the SGX-ST via SGXNET.

The Company does not have a policy on payment of dividend. The issue of payment of dividend is deliberated by the Board annually having regard to various factors.

### **Conduct of Shareholder Meetings**

**Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

The AGM is the principal forum for dialogue with shareholders. All shareholders of the Company receive the annual report of the Company and notice of AGM within the stipulated period. Notices of meetings are published in the local newspaper and also made via the SGXNET.

The Company encourages active shareholders' participation. During the AGM, shareholders may raise questions or share their views regarding the proposed resolutions and also the Company's businesses and affairs. Voting procedures and rules that govern general meetings of shareholders are clearly disclosed to the shareholders during the AGM. In addition, the Chairman of the respective Committees and Management will be present at the AGM to address any queries from the shareholders. The Company's independent auditors are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report. The Board values shareholders' feedback and input.

The Company's Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary<sup>1</sup> 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 Meeting.

<sup>1</sup> 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.

## CORPORATE GOVERNANCE REPORT

The Board also notes that there should be a separate resolution on each substantially separate issue that is to be tabled at the general meetings. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

Resolutions are put to vote by poll and the detailed results of each resolution are announced via SGXNET after the general meetings.

### DEALINGS IN SECURITIES

The Company has adopted its own Code of Best Practices on dealing in the securities of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with Rule 1207(19) of the Listing Manual of the SGX-ST. In compliance with the SGX-ST Listing Manual, the Company, all Directors, officers and employees are prohibited from dealing in the Company's securities during the period commencing one month prior to the announcement of the Company's half year and full year results and ending on the date of announcement of the results. All Directors, officers and employees are prohibited from dealing in the Company's shares on short term consideration.

All Directors and those who are in possession of price sensitive information are also advised to observe insider trading laws at all times even when dealing in the Company's securities within the permitted trading period.

### INTERESTED PERSON TRANSACTIONS

There were no interested person transactions for FY2018.

Names of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Nil	Nil	Nil

### PROCEEDS FROM PLACEMENT

Update on the use of net proceeds of S\$5,657,000 (the "Net Proceeds") raised from the placement of 50,208,700 new ordinary shares at S\$0.11385 each in the capital of the Company on 6 July 2017:

#### Intended Uses

Working Capital:

Purchase of raw materials and inventories

Employee payroll costs

**Total**

Net Proceeds Allocated		Net Proceeds Used to Date	Balance as at 28 February 2018 and as at Date of Report
%	S\$'000	S\$'000	S\$'000
70	3,960	767	3,193
30	1,697	603	1,094
<b>100</b>	<b>5,657</b>	<b>1,370</b>	<b>4,287</b>

## ***CORPORATE GOVERNANCE REPORT***

### **MATERIAL CONTRACTS**

There were no material contracts made by the Company and its subsidiaries involving the interest of the CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

### **BUSINESS RISK MANAGEMENT**

The majority of the Group's revenue is derived from the automobile market. We will continue to seek opportunities to expand our markets as well as products and services.

The Management will continue to identify areas where there are significant business risks and consider the appropriate measures to be taken to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the AC.

### **INVENTORY RISK MANAGEMENT**

The Group continues to derive a significant portion of its sales from the Original Equipment Manufacturer and Distributor markets; therefore, sales of our products are dependent on the consumers' demand of motor vehicles, amongst other factors.

In order to manage our inventory risk, we have to understand our customers by evaluating the markets they operate in, and their modus operandi. We will be able to manage the inventory by having the most practicable level of inventory for certain customers, and at times, we will only place orders for raw materials upon firm orders from customers.

### **HUMAN RESOURCE MANAGEMENT**

The Company recognises the importance of human capital within the organisation. It has put in place a systematic process to ensure that the employees are competitively rewarded and incentives and bonus are accorded based on the performance of the companies within the Group and individual performance.

### **PRODUCTION AND QUALITY RISK**

The Group adopts the ISO9001 and IATF16949 standards and has put in place certain production process that will minimise errors and ensure the delivery of quality products to our customers. We also have a set of training system and methodologies for new production workers to ensure that they are able to adhere to our stringent standards.

### **SAFETY AND EMERGENCY RISK MANAGEMENT**

The Group places strong emphasis on the fire prevention and safety aspects in our daily operations. We have a fire prevention and safety committee that ensure preventive measures are adhered to and ensure the readiness of staff from various departments to handle emergency situations.

In addition to the ISO14001 certification, we also have the OHSAS 18001 management system in place.



## ***CORPORATE GOVERNANCE REPORT***

### **FINANCIAL RISK MANAGEMENT**

#### **(a) Foreign Exchange Risk**

From time to time where there is a requirement, the Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on sale and purchase transactions denominated in foreign currencies.

#### **(b) Credit Risk**

Credit risks arise from terms with our customers. The Management monitors the exposure of our credit risks on an on-going basis and has put in place a system that will manage the customer's credit risk exposure. Advance payments and cash terms are requested for new customers, while customers with good credit standing are granted credit terms on a case-by-case basis.

Credit risk on balances of cash and cash equivalents is low as they are placed with reputable financial institutions.

#### **(c) Liquidity Risk**

The Group's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group also ensures availability of bank credit lines to address any short term funding requirement.

The Group's surplus funds are also managed by reputable financial institutions.

#### **(d) Interest Rate Risk**

The Group's exposure to the risk of changes in interest rates arises mainly from the Group's bank borrowings, lease commitments and cash deposits placed with financial institutions. For interest income from cash deposits, the Group manages the interest rate risks by placing cash deposits with reputable financial institutions on varying maturities and interest rate terms. For interest expenses on the Group's borrowings, the Group mitigates interest exposure by fixing interest rates over longer duration through long term borrowings wherever possible.

## ***STATEMENT BY DIRECTORS***

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 28 February 2018.

### **1. Opinion of the directors**

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or 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.

The board of directors approved and authorised these financial statements for issue.

### **2. Directors**

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

Chin Yew Choong David  
Yap Kian Peng  
Toh Tiong San  
Chua Sze Chyi

### **3. Directors' interests in shares and debentures**

The directors of the company holding office at the end of the reporting year and as at 21 March 2018 were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act").

### **4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures**

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

### **5. Options**

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

## ***STATEMENT BY DIRECTORS***

### **6. Independent auditor**

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

### **7. Report of audit committee**

The members of the audit committee as at the date of this report are as follows:

Toh Tiong San	(Chairman of audit committee)
Chin Yew Choong David	(Independent director)
Yap Kian Peng	(Executive director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor on their audit plan;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report. It also includes an explanation of how independent auditor's objectivity and independence are safeguarded where the independent auditor provides non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

### **8. Directors' opinion on the adequacy of internal controls**

Based on the internal controls established and maintained by the company, work performed by the external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 28 February 2018.

## ***STATEMENT BY DIRECTORS***

### **9. Subsequent developments**

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 26 April 2018, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

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Yap Kian Peng  
Director

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Chua Sze Chyi  
Director

31 May 2018



## **INDEPENDENT AUDITOR'S REPORT**

*To the Members of JACKSPEED CORPORATION LIMITED (Registration No: 199300300W)*

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the accompanying financial statements of Jackspeed Corporation Limited (the “company”) and its subsidiaries (the “group”), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 28 February 2018, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (“the Act”) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 28 February 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting 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 company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Impairment of other receivables from Prestige Cars Pte. Ltd. (“PCPL”)**

Refer to Notes 2A and 2C for the relevant accounting policy and key estimates used in the valuation of current other receivables respectively, and Note 20 for the carrying amount of current other receivables from PCPL for the reporting year end.

The carrying amount of current other receivables from PCPL amounted to \$9,000,000 which accounted for approximately 7.5% of the group's total assets as at the reporting year end. The management is required to assess whether there is any indication that the current other receivables from PCPL may be impaired. The current other receivables loan had been made to PCPL, a company venturing into the People's Republic of China (“PRC”) motor vehicle industry and is still in the start-up phase with unproven track results and the future cash flow cannot be reliably estimated. The assessment process is complex and highly judgemental dependent on the future financial performance of PCPL.

Management applied significant judgement in determining the recoverability of the current other receivables, considering the future business plans and financial standing of the ultimate obligor. Our audit procedures included:

- (1) Verification of valuation of properties which are to be pledged as collaterals for the current other receivables from PCPL based on the Letter of Intent signed with PCPL.
- (2) Assessing the adequacy of disclosures made in the financial statements.

## ***INDEPENDENT AUDITOR'S REPORT***

*To the Members of JACKSPEED CORPORATION LIMITED (Registration No: 199300300W)*

### **Other information**

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

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

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

### **Responsibilities of management and directors for the financial statements**

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

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- a) 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.
- b) 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.
- c) 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 JACKSPEED CORPORATION LIMITED (Registration No: 199300300W)*

### **Auditor's responsibilities for the audit of the financial statements (cont'd)**

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

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

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

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

### **Report on other legal and regulatory requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Thiam Soon.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

31 May 2018  
Engagement partner - effective from year ended 28 February 2018

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*Year Ended 28 February 2018*

		<b>Group</b>	
	<b>Notes</b>	<b>2018</b>	<b>2017</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	5	<b>52,448</b>	67,652
Cost of sales		<b>(33,081)</b>	(52,113)
<b>Gross profit</b>		<b>19,367</b>	15,539
Interest income		<b>31</b>	395
Other gains	6	<b>188</b>	263
Marketing and distribution costs	8	<b>(482)</b>	(586)
Administrative expenses	8	<b>(8,733)</b>	(8,518)
Finance costs – interest expense		<b>(1,987)</b>	(709)
Other expenses	6	<b>(484)</b>	(124)
Share of profit from equity-accounted associate	15	<b>161</b>	–
Share of loss from equity-accounted joint venture	16	<b>(1)</b>	(1)
<b>Profit before tax</b>		<b>8,060</b>	6,259
Income tax expense	9	<b>(1,667)</b>	(985)
<b>Profit, net of tax</b>		<b>6,393</b>	5,274
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Fair value (loss)/gain on available-for-sale financial assets, net of tax	18	<b>(2)</b>	10
Exchange differences on translating foreign operations, net of tax	25	<b>610</b>	(308)
<b>Other comprehensive gain/(loss) for the year, net of tax</b>		<b>608</b>	(298)
<b>Total comprehensive income</b>		<b>7,001</b>	4,976
Profit attributable to owners of the parent, net of tax		<b>5,574</b>	4,368
Profit attributable to non-controlling interests, net of tax		<b>819</b>	906
<b>Profit, net of tax</b>		<b>6,393</b>	5,274
Total comprehensive income attributable to owners of the parent		<b>6,182</b>	4,070
Total comprehensive income attributable to non-controlling interests		<b>819</b>	906
<b>Total comprehensive income</b>		<b>7,001</b>	4,976
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted	10	<b>1.96</b>	1.74

The accompanying notes form an integral part of these financial statements.



## STATEMENTS OF FINANCIAL POSITION

As at 28 February 2018

		Group		Company	
	Notes	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Investment property	11	807	777	—	—
Property, plant and equipment	12	10,741	9,791	469	265
Intangible assets	13	860	889	—	—
Investments in subsidiaries	14	—	—	16,338	15,386
Investment in an associate	15	3,645	3,484	3,484	3,484
Investment in a joint venture	16	1	2	—	—
Other receivables, non-current	20	—	10,000	—	10,000
Finance lease receivables, non-current	17	39,988	20,304	—	—
Available-for-sale financial assets, non-current	18	267	276	267	276
Deferred tax assets	9C	109	109	—	—
<b>Total non-current assets</b>		<b>56,418</b>	<b>45,632</b>	<b>20,558</b>	<b>29,411</b>
<b><u>Current assets</u></b>					
Inventories	19	3,492	6,293	—	—
Trade and other receivables, current	20	24,063	9,166	22,788	8,478
Finance lease receivables, current	17	16,150	10,902	—	—
Other assets, current	21	1,446	947	34	31
Cash and cash equivalents	22	18,365	12,696	8,257	3,231
<b>Total current assets</b>		<b>63,516</b>	<b>40,004</b>	<b>31,079</b>	<b>11,740</b>
<b>Total assets</b>		<b>119,934</b>	<b>85,636</b>	<b>51,637</b>	<b>41,151</b>
<b>EQUITY AND LIABILITIES</b>					
<b><u>Equity attributable to owners of the parent</u></b>					
Share capital	24	36,865	31,208	36,865	31,208
Retained earnings		13,275	12,232	692	3,134
Other reserves	25	(1,640)	(2,248)	(8)	(6)
<b>Equity attributable to owners of the parent</b>		<b>48,500</b>	<b>41,192</b>	<b>37,549</b>	<b>34,336</b>
Non-controlling interests		4,034	3,615	—	—
<b>Total equity</b>		<b>52,534</b>	<b>44,807</b>	<b>37,549</b>	<b>34,336</b>
<b><u>Non-current liabilities</u></b>					
Deferred tax liabilities	9C	71	127	—	—
Other financial liabilities, non-current	27	2,112	2,466	—	—
<b>Total non-current liabilities</b>		<b>2,183</b>	<b>2,593</b>	<b>—</b>	<b>—</b>
<b><u>Current liabilities</u></b>					
Income tax payable		1,047	745	—	—
Trade and other payables, current	26	12,347	8,043	13,897	6,681
Other financial liabilities, current	27	51,823	29,448	191	134
<b>Total current liabilities</b>		<b>65,217</b>	<b>38,236</b>	<b>14,088</b>	<b>6,815</b>
<b>Total liabilities</b>		<b>67,400</b>	<b>40,829</b>	<b>14,088</b>	<b>6,815</b>
<b>Total equity and liabilities</b>		<b>119,934</b>	<b>85,636</b>	<b>51,637</b>	<b>41,151</b>

The accompanying notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

Year Ended 28 February 2018

Group	Total equity \$'000	Attributable to parent, sub-total \$'000	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Non-controlling interests \$'000
<b>Current year:</b>						
Opening balance at 1 March 2017	44,807	41,192	31,208	12,232	(2,248)	3,615
<b>Changes in equity:</b>						
Total comprehensive income for the year	7,001	6,182	—	5,574	608	819
Issuance of ordinary shares (Note 24)	5,657	5,657	5,657	—	—	—
Dividends paid on ordinary shares (Note 23)	(4,531)	(4,531)	—	(4,531)	—	—
Dividends paid to non-controlling interests (Note 28)	(400)	—	—	—	—	(400)
<b>Closing balance at 28 February 2018</b>	<b>52,534</b>	<b>48,500</b>	<b>36,865</b>	<b>13,275</b>	<b>(1,640)</b>	<b>4,034</b>
<b>Previous year:</b>						
Opening balance at 1 March 2016	40,231	37,122	31,208	7,864	(1,950)	3,109
<b>Changes in equity:</b>						
Total comprehensive income/(loss) for the year	4,976	4,070	—	4,368	(298)	906
Dividends paid to non-controlling interests (Note 28)	(400)	—	—	—	—	(400)
<b>Closing balance at 28 February 2017</b>	<b>44,807</b>	<b>41,192</b>	<b>31,208</b>	<b>12,232</b>	<b>(2,248)</b>	<b>3,615</b>

Company	Total equity \$'000	Share capital \$'000	Retained earnings / (accumulated losses) \$'000	Other reserves \$'000
<b>Current year:</b>				
Opening balance at 1 March 2017	34,336	31,208	3,134	(6)
<b>Changes in equity:</b>				
Total comprehensive income/(loss) for the year	2,087	—	2,089	(2)
Issuance of ordinary shares (Note 24)	5,657	5,657	—	—
Dividends paid on ordinary shares (Note 23)	(4,531)	—	(4,531)	—
<b>Closing balance at 28 February 2018</b>	<b>37,549</b>	<b>36,865</b>	<b>692</b>	<b>(8)</b>
<b>Previous year:</b>				
Opening balance at 1 March 2016	31,061	31,208	(131)	(16)
<b>Changes in equity:</b>				
Total comprehensive income for the year	3,275	—	3,265	10
<b>Closing balance at 28 February 2017</b>	<b>34,336</b>	<b>31,208</b>	<b>3,134</b>	<b>(6)</b>

The accompanying notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 28 February 2018

	Group	
	2018	2017
	\$'000	\$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	8,060	6,259
Adjustments for:		
Interest income	(31)	(395)
Interest expense	1,987	709
Depreciation of property, plant and equipment	2,059	2,371
Depreciation of investment property	21	22
Amortisation of other intangible assets	–	59
(Gain)/loss on disposal of plant and equipment	(136)	6
Share of gain from equity-accounted associate	(161)	–
Share of loss from equity-accounted joint venture	1	1
Operating cash flows before changes in working capital	11,800	9,032
Cash restricted in use	(19)	–
Inventories	2,814	(1,579)
Trade and other receivables, current	(2,505)	(192)
Other assets, current	(363)	1,967
Finance lease receivables	(2,202)	(1,320)
Trade and other payables, current	4,170	3,202
Net cash flows from operations before tax	13,695	11,110
Income taxes paid	(1,530)	(809)
Net cash flows from operating activities	12,165	10,301
<b><u>Cash flows from investing activities</u></b>		
Proceeds from disposal of plant and equipment	227	21
Proceeds from disposal of available-for-sale financial assets	–	1,250
Purchase of plant and equipment (Notes 12 and 22B)	(2,017)	(1,314)
Other receivables	(2,100)	916
Investment in an associate	–	(3,484)
Interest received	31	395
Net cash flows used in investing activities	(3,859)	(2,216)
<b><u>Cash flows from financing activities</u></b>		
Net proceeds from issuance of ordinary shares	5,657	–
Dividends paid on ordinary shares	(4,531)	–
Dividends paid to non-controlling interests	(400)	(400)
Decrease in borrowings	–	(1,003)
Increase/(decrease) in other financial liabilities	56	(359)
Finance lease repayments	(1,631)	(1,466)
Interest paid	(1,987)	(709)
Net cash flows used in financing activities	(2,836)	(3,937)
Net increase in cash and cash equivalents	5,470	4,148
<b>Cash and cash equivalents, statement of cash flows, beginning balance</b>	12,684	8,360
Effect of exchange rate changes on cash and cash equivalents	180	176
<b>Cash and cash equivalents, statement of cash flows, ending balance (Note 22A)</b>	18,334	12,684

The accompanying notes form an integral part of these financial statements.

## ***NOTES TO THE FINANCIAL STATEMENTS***

28 February 2018

### **1. General**

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as “parent”) and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are those of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 14.

The company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office address of the company is: 221 Henderson Road #06-15 Singapore 159557. The company is situated in Singapore.

The current liabilities are more than the current assets. The financial position of the entity, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition the notes to the financial statements include the objectives, policies and processes for managing capital; financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. The entity has considerable financial resources together with some satisfactory arrangements with a number of financial institutions and suppliers. As a consequence, the management believes that the entity is well placed to manage its business risks. After making enquiries, the management has a reasonable expectation that the entity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the management continues to adopt the going concern basis in preparing the financial statements.

#### **Accounting convention**

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore (“FRSs”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

#### **Basis of preparation of the financial statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis.

Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.



## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **1. General (cont'd)**

#### **Basis of presentation**

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted for as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

### **2. Significant accounting policies and other explanatory information**

#### **2A. Significant accounting policies**

##### **Revenue recognition**

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Interest income from finance leases is recognised using the effective interest method. Rental income from leasing of motor vehicles is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Commission income is recognised when the services to which it relates have been completed.

##### **Employee benefits**

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries contribute to defined contribution superannuation funds based on their local requirements. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

## ***NOTES TO THE FINANCIAL STATEMENTS***

28 February 2018

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Borrowing costs**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

##### **Foreign currency transactions**

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation currency is the functional currency.

##### **Translation of financial statements of other entities**

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

##### **Income tax**

The income taxes are accounted for using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 2. Significant accounting policies and other explanatory information (cont'd)

#### 2A. Significant accounting policies (cont'd)

##### Income tax (cont'd)

A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

##### Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Motor vehicles	–	Earlier of remaining Certificate of Entitlement period or 20% (commercial vehicles)/14% (passenger vehicles)
Freehold building	–	2%
Plant and equipment	–	10% to 100%
Freehold land	–	Not depreciated

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an 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 repairs and maintenance are charged to profit or loss when they are incurred.

## ***NOTES TO THE FINANCIAL STATEMENTS***

28 February 2018

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Property, plant and equipment (cont'd)**

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be measured using fair value at the end of the reporting year and the entire class of property, plant and equipment to which that asset belongs is revalued. When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus except that the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. When an asset's carrying amount is decreased, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. The revaluation surplus included in equity is transferred directly to retained earnings when the asset is derecognised. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. The revaluation surplus included in equity is transferred directly to retained earnings when the asset is derecognised.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the asset is restated so that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses. At the date of the revaluation, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

##### **Investment property**

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes investment properties in the course of construction. After initial recognition at cost including transaction costs, the cost model is used to measure the investment properties using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held-for-sale is carried at the lower of carrying amount and fair value. For disclosure purposes only, the fair values are determined periodically on a systematic basis at least once in two to five years by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Leasehold land is depreciated on a straight-line basis over the remaining lease period, that is 2%, whilst buildings are depreciated on a straight-line basis over the estimated useful lives at the annual rate of 2%.

## ***NOTES TO THE FINANCIAL STATEMENTS***

28 February 2018

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Leases**

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statements of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

##### **Finance leases of lessor**

An amount due from a lessee is recognised as receivables at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance leases. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

##### **Subsidiaries**

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net carrying value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.



## ***NOTES TO THE FINANCIAL STATEMENTS***

28 February 2018

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Associates**

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the equity accounted financial statements (economic interest financial statements), the accounting for investments in an associate is on the equity method. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

##### **Joint arrangements – joint venture**

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is a party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The reporting interests in joint ventures are recognised using the equity method in accordance with FRS 28, Investments in Associates and Joint Ventures (as described above for associates).

## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Business combinations**

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

##### **Non-controlling interests**

Non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

##### **Goodwill**

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred, which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

##### **Other intangible assets**

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses.

## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Other intangible assets (cont'd)**

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The annual rates of amortisation are as follows:

Contractual customer relationships	—	40%
Non-contractual customer relationships	—	20% to 28%

##### **Inventories**

Inventories other than motor vehicles are measured at the lower of cost (first in first out method) and net realisable value. Motor vehicles held-for-sale are measured at the lower of cost (specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

##### **Impairment of non-financial assets**

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at the end of each reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

## ***NOTES TO THE FINANCIAL STATEMENTS***

28 February 2018

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Financial assets**

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year date, there were no financial assets classified in this category.

## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Financial assets (cont'd)**

Subsequent measurement: (cont'd)

4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. This category does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value. For unquoted equity instruments impairment losses are not reversed.

##### **Cash and cash equivalents**

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

##### **Derivatives**

All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies. Embedded derivatives are separated from the host contract and accounted for as a derivative if, and only if the criteria set out in FRS 39 are met. Embedded derivatives accounted for separately are measured at fair value. Changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.



## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Financial liabilities**

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

##### **Fair value measurement**

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2A. Significant accounting policies (cont'd)**

##### **Fair value measurement (cont'd)**

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

#### **2B. Other explanatory information**

##### **Segment reporting**

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

##### **Provisions**

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required 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 current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

#### **2C. Critical judgements, assumptions and estimation uncertainties**

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allowance for impairment for other receivables from Prestige Cars Pte. Ltd. ("PCPL"):

The carrying amount of current other receivables from PCPL amounted to \$9,000,000 which accounted for approximately 7.5% of the group's total assets as at the reporting year end. The management is required to assess whether there is any indication that the current other receivables from PCPL may be impaired. The current other receivables loan had been made to PCPL, a company venturing into the People's Republic of China ("PRC") motor vehicle industry and is still in the start-up phase with unproven track results and the future cash flow cannot be reliably estimated. The assessment process is complex and highly judgemental dependent on the future financial performance of PCPL. Management applied significant judgement in determining the recoverability of the current other receivables, considering the future business plans and financial standing of the ultimate obligor. No allowance for impairment has been made at the end of the reporting year. The carrying amounts are disclosed in Note 20 on trade and other receivables.

## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2C. Critical judgements, assumptions and estimation uncertainties (cont'd)**

Allowance for doubtful finance lease receivables, trade accounts and other receivables:

An allowance is made for doubtful trade accounts and other receivables for estimated losses resulting from the subsequent inability of the customers and debtors to make required payments. If the financial conditions of the customers and debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the finance lease receivables and trade and other receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amounts are disclosed in the Notes 17 and 20 on finance lease receivables and trade and other receivables.

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events.

In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 19 on inventories.

Income tax amounts:

The entity recognises tax assets and liabilities based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in Note 9 on income tax.

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is \$7,281,000 (2017: \$6,278,000) and \$469,000 (2017: \$265,000) for the group and the company respectively.

## ***NOTES TO THE FINANCIAL STATEMENTS***

28 February 2018

### **2. Significant accounting policies and other explanatory information (cont'd)**

#### **2C. Critical judgements, assumptions and estimation uncertainties (cont'd)**

Finance and operating leases:

In making an evaluation, judgement is used in determining lease classification of motor vehicles into operating leases or finance leases. Motor vehicle titles do not pass to the lessees at the end of the lease term. The rent paid by the lessees for the motor vehicles is increased to market rent at regular intervals, and the lessees do not participate in the residual values of the motor vehicles. As substantially all the risks and rewards of the motor vehicles are with the reporting entity based on these qualitative factors, it was judged that the entire arrangement is an operating lease. The amount at the end of the reporting year was \$4,639,000 (2017: \$3,831,000).

Consolidation of Thailand entity as subsidiary:

The paid-up share capital of the subsidiary, J.V. (Thailand) Co., Ltd. ("JVT"), acquired on 1 March 2006, is made up of Thai Baht 10 million of ordinary shares and Thai Baht 10.41 million of preference shares. The group holds an effective interest of 49% through holding all of the ordinary shares with voting rights. A local Thai national holds the remaining 51% through preference shares with no voting rights. The preference shareholder is entitled to a fixed dividend of 5% of the preference shares value per year. Accordingly, management considers JVT a subsidiary and the group has consolidated 100% of the profits of JVT (net of the preferential dividends) into the group's financial statements from the date of acquisition.

Measurement of impairment of subsidiary:

Where an investee is in net equity deficit and/or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the investment in subsidiaries at the end of the reporting year affected by the assumption is \$2,257,000 (2017: \$2,202,000).

Assessment of impairment of goodwill:

The amount of goodwill is tested annually for impairment. This annual impairment test is significant and the process is complex and highly judgemental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. The disclosures about goodwill are included in Note 13A, which explains that small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates.

Significant influence:

Significant influence is presumed to exist (or not exist) when an entity holds 20% or more (or less than 20%) of the voting rights of another entity, unless it can be clearly demonstrated otherwise. The group holds a 13.4% interest in Wenul Assets (Industrial) Pte. Ltd. ("WAPL"). Management has determined that it holds significant influence as the group is entitled to exercise all voting and other rights conferred upon it as holder of WAPL, equivalent to a shareholding interest of 20%. Based on this, the management considers that the group has the power to exercise significant influence and has accordingly treated the interest in the investee as an associate. The carrying amounts are disclosed in Note 15.

## NOTES TO THE FINANCIAL STATEMENTS

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### 3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Cheng Kwee Kiang.

#### 3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and any financial guarantees are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

#### 3B. Key management compensation:

	Group	
	2018 \$'000	2017 \$'000
Salaries and other short-term employee benefits	1,558	1,617

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2018 \$'000	2017 \$'000
Remuneration of directors of the company	1,064	1,162
Fees to directors of the company	196	185

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.



## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **3. Related party relationships and transactions (cont'd)**

#### **3C. Other receivables from and other payables to related parties:**

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

<b>Group</b>	<b>Related parties</b>	
	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<u>Other receivables/(other payables):</u>		
Balance at beginning of the year	<b>357</b>	333
Amounts paid out and settlement of liabilities on behalf of another party	<b>40</b>	24
Amounts received and settlement of liabilities on behalf of the group	<b>(200)</b>	—
Balance at end of the year	<b>197</b>	357
Presented as follows:		
Other receivables (Note 20)	<b>597</b>	557
Other payables (Note 26)	<b>(400)</b>	(200)
	<b>197</b>	357
<b>Company</b>	<b>Subsidiaries</b>	
	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<u>Other receivables/(other payables):</u>		
Balance at beginning of the year	<b>4,778</b>	6,850
Amounts paid out and settlement of liabilities on behalf of another party	<b>7,847</b>	8,220
Amounts received and settlement of liabilities on behalf of the company	<b>(10,174)</b>	(7,617)
Allowance for impairment (Note 20)	—	(2,675)
Balance at end of the year	<b>2,451</b>	4,778
Presented as follows:		
Other receivables, net of allowance for impairment (Note 20)	<b>8,279</b>	7,338
Other payables (Note 26)	<b>(5,828)</b>	(2,560)
	<b>2,451</b>	4,778
<b>Group and company</b>	<b>Associate</b>	
	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<u>Other payables:</u>		
Balance at beginning of the year	<b>(3,350)</b>	—
Amounts received and settlement of liabilities on behalf of the group and the company	<b>(4,010)</b>	(3,350)
Balance at end of the year (Note 26)	<b>(7,360)</b>	(3,350)

## ***NOTES TO THE FINANCIAL STATEMENTS***

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### **4. Financial information by operating segments**

#### **4A. Information about reportable segment profit or loss, assets and liabilities**

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the group.

For management purposes the group is organised into the following major strategic operating segments that offer different products and services: (1) accessories and (2) non-accessories. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

- (a) Accessories segment – This segment comprises sales of leather trim and accessories to car distributors, dealers and manufacturers in the automotive and aviation industries.
- (b) Non-accessories segment – This segment comprises sales from trading, financing and rental of motor vehicles and business of commission agents.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate the segment's operating results comprises two major indicators: (1) earnings from operations before depreciation and amortisation, interests and income taxes, and (2) operating results before interests and income taxes and other unallocated items.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **4. Financial information by operating segments (cont'd)**

#### **4B. Profit or loss from operations and reconciliations**

	Accessories \$'000	Non- Accessories \$'000	Adjustments and eliminations \$'000	Total \$'000
<b>2018</b>				
<b>Revenue:</b>				
External customers	29,754	22,694		52,448
Inter-segment	101	27	(128)	–
Total revenue	<u>29,855</u>	<u>22,721</u>	(128)	<u>52,448</u>
Operating profit	5,727	4,304		10,031
Interest income	31	–		31
Finance costs <sup>(1)</sup>	(26)	(244)		(270)
Other gains	157	31		188
Depreciation expense	(655)	(1,425)		(2,080)
Share of profit from equity-accounted associate	161	–		161
Share of loss from equity-accounted joint venture	(1)	–		(1)
Profit before tax	<u>5,394</u>	<u>2,666</u>		<u>8,060</u>
Income tax expense				<u>(1,667)</u>
Profit net of tax				<u>6,393</u>

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 4. Financial information by operating segments (cont'd)

#### 4B. Profit or loss from operations and reconciliations (cont'd)

	Accessories \$'000	Non- Accessories \$'000	Adjustments and eliminations \$'000	Total \$'000
<b>2017</b>				
<b>Revenue:</b>				
External customers	24,524	43,128		67,652
Inter-segment	98	16	(114)	—
Total revenue	24,622	43,144	(114)	67,652
Operating profit	3,946	4,472		8,418
Interest income	395	—		395
Finance costs <sup>(1)</sup>	(37)	(131)		(168)
Other gains	26	47		73
Other expenses	(6)	—		(6)
Amortisation expense	—	(59)		(59)
Depreciation expense	(568)	(1,825)		(2,393)
Share of loss from equity-accounted joint venture	(1)	—		(1)
Profit before tax	3,755	2,504		6,259
Income tax expense				(985)
Profit net of tax				5,274

<sup>(1)</sup> Interest expense of \$1,717,000 (2017: \$541,000) has been set off against operating profit during the reporting year. The allocation is necessary due to the increase in leasing business of a subsidiary.

#### 4C. Assets, liabilities, other material items and reconciliations

	Accessories \$'000	Non- Accessories \$'000	Adjustments and eliminations \$'000	Total \$'000
<b>2018</b>				
<b>Assets:</b>				
Additions to non-current assets	1,237	2,450		3,687
<b>Total assets</b>	53,851	66,083		119,934
<b>Total liabilities</b>	11,786	55,614		67,400
<b>2017</b>				
<b>Assets:</b>				
Addition to investment in an associate	3,484	—		3,484
Additions to non-current assets	607	2,266		2,873
<b>Total assets</b>	42,805	42,831		85,636
<b>Total liabilities</b>	7,423	33,406		40,829

## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **4. Financial information by operating segments (cont'd)**

#### **4D. Geographical information**

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods and services:

	<b>Revenue</b>	
	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Singapore	<b>27,904</b>	45,856
Malaysia	<b>773</b>	837
Thailand	<b>16,648</b>	12,585
Europe	<b>4,290</b>	4,443
Australia	<b>1,703</b>	1,692
New Zealand	<b>382</b>	1,295
Others	<b>748</b>	944
	<b>52,448</b>	67,652

Revenues are attributed to countries on the basis of the customer's location.

The following is an analysis of the non-current assets analysed by the geographical area in which the assets are located:

	<b>Non-current assets</b>	
	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Singapore	<b>12,144</b>	11,603
Malaysia	<b>2,839</b>	2,584
Thailand	<b>615</b>	246
Australia	<b>456</b>	510
	<b>16,054</b>	14,943

The non-current assets exclude any available-for-sale financial assets, deferred tax assets and finance lease receivables.

#### **4E. Information about major customers**

	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Top 1 customer	<b>13,384</b>	22,978
Top 2 customers	<b>16,382</b>	33,896



## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 5. Revenue

	Group	
	2018 \$'000	2017 \$'000
Sale of goods	42,905	61,724
Rental income from leasing of motor vehicles	2,480	2,868
Rendering of services	623	571
Interest income from finance leases	4,820	1,716
Commission income	449	554
Sundry income	1,171	219
	<b>52,448</b>	<b>67,652</b>

### 6. Other gains and (other expenses)

	Group	
	2018 \$'000	2017 \$'000
Allowance for impairment of trade receivables	(3)	–
Allowance for impairment of finance lease receivables	(76)	(59)
Bad debts written off - trade receivables	(33)	–
Bad debts written off - finance lease receivables	–	(59)
Government grant income	52	73
Foreign exchange adjustment (losses)/gains	(372)	190
Gain/(loss) on disposal of plant and equipment	136	(6)
Net	<b>(296)</b>	<b>139</b>
Presented in profit or loss as:		
Other gains	188	263
Other expenses	(484)	(124)
Net	<b>(296)</b>	<b>139</b>

### 7. Employee benefits expense

	Group	
	2018 \$'000	2017 \$'000
Employee benefits expense	7,493	7,167
Contributions to defined contribution plans	544	479
Total employee benefits expense	<b>8,037</b>	<b>7,646</b>
Allocated as follows:		
Cost of sales	3,255	3,149
Administrative expenses (Note 8)	4,782	4,497
Total employee benefits expense	<b>8,037</b>	<b>7,646</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **8. Marketing and distribution costs, and administrative expenses**

The major components and other selected components include the following:

#### **Marketing and distribution costs**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Sales commission	114	149
Travelling expenses	139	138

#### **Administrative expenses**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Amortisation of other intangible assets (Note 13B)	—	59
Depreciation of property, plant and equipment (Note 12)	1,764	2,186
Depreciation of investment property (Note 11)	21	22
Employee benefits expense (Note 7)	4,782	4,497
Professional and legal fees	259	227
Rental expenses	619	643
Audit fees to the independent auditor of the company	115	115
Audit fees to the other independent auditors	27	26
Non-audit fees to the independent auditor of the company	12	12

### **9. Income tax**

#### **9A. Components of tax expense recognised in profit or loss include:**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Current tax expense:</u>		
Current tax expense	1,589	1,226
Under/(over) adjustments in respect of prior years	134	(71)
Subtotal	1,723	1,155
<u>Deferred tax income:</u>		
Deferred tax income	(16)	(177)
(Under)/over adjustments to deferred tax in respect of prior years	(40)	7
Subtotal	(56)	(170)
Total income tax expense	1,667	985

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 9. Income tax (cont'd)

#### 9A. Components of tax expense recognised in profit or loss include: (cont'd)

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax determined by applying the Singapore income tax rate of 17.0% (2017: 17.0%) to profit before income tax as a result of the following differences:

	Group	
	2018 \$'000	2017 \$'000
Profit before tax	8,060	6,259
Share of profit from equity-accounted associate	(161)	—
Share of loss from equity-accounted joint venture	1	1
	<b>7,900</b>	<b>6,260</b>
Income tax expense at the above rate	1,343	1,064
Expenses not deductible for tax purpose	683	267
Income not subject to tax	(552)	(222)
Tax exemptions	(49)	(49)
Deferred tax assets recognised	(4)	(58)
Previously unrecognised deferred tax assets recognised this year	—	(100)
Under/(over) adjustments to tax in respect of prior years	94	(64)
Effect of different tax rates in different countries	173	133
Corporate tax rebate	(14)	(14)
Other minor items less than 3% each	(7)	28
Total income tax expense	<b>1,667</b>	<b>985</b>

There are no income tax consequences of dividends to owners of the company.

#### 9B. Deferred tax income recognised in profit or loss includes:

	Group	
	2018 \$'000	2017 \$'000
Excess of tax values over net book value on property, plant and equipment	(16)	(45)
Excess of net book value on property, plant and equipment over tax values	(55)	12
Deferred tax charge relating to intangible assets, and plant and equipment	—	(52)
Provisions	64	(3)
Tax loss carryforwards	(137)	16
Deferred tax valuation allowance	80	(108)
Others	8	10
Total deferred tax income recognised in profit or loss	<b>(56)</b>	<b>(170)</b>

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 9. Income tax (cont'd)

#### 9C. Deferred tax balance in the statements of financial position:

	Group	
	2018 \$'000	2017 \$'000
<u>From deferred tax assets/(liabilities) recognised in profit or loss:</u>		
Excess of tax values over net book value on property, plant and equipment	255	239
Excess of net book value on property, plant and equipment over tax values	–	(55)
Provisions	1	65
Tax loss carryforwards	550	413
Unrecognised deferred tax assets	(682)	(602)
Others	(18)	(10)
<u>From deferred tax liabilities recognised in other comprehensive income:</u>		
Gains on property revaluation	(82)	(82)
Changes in foreign exchange rates	14	14
Net position	<u>38</u>	<u>(18)</u>
Presented in the statements of financial position as follows:		
Deferred tax liabilities	(71)	(127)
Deferred tax assets	109	109
Net position	<u>38</u>	<u>(18)</u>

It is impracticable to estimate the amount expected to be settled or used within one year.

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards of \$3,234,000 (2017: \$2,429,000) is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Temporary differences arising in connection with interests in subsidiaries, joint venture and associates are insignificant.

### 10. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share of no par value:

	Group	
	2018 \$'000	2017 \$'000
A. Numerators: profit attributable to owners of the parent	5,574	4,368
B. Denominators: weighted average number of equity shares	<u>283,782</u>	<u>251,044</u>

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting year. The denominators used are the same as those detailed above for diluted profit per share as there were no dilutive instruments.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. There is no dilutive ordinary share equivalents outstanding during each reporting year.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 11. Investment property

	Group	
	2018 \$'000	2017 \$'000
<u>Cost:</u>		
At beginning of the year	1,028	1,087
Foreign exchange adjustments	68	(59)
At end of the year	1,096	1,028
<u>Accumulated depreciation:</u>		
At beginning of the year	251	244
Depreciation for the year included under administrative expenses (Note 8)	21	22
Foreign exchange adjustments	17	(15)
At end of the year	289	251
<u>Net book value:</u>		
At beginning of the year	777	843
At end of the year	807	777
<u>Fair value for disclosure purposes only:</u>		
At beginning of the year	903	954
At end of the year	1,013	903

The details of the investment property held by the group are as follows:

Location	Description	Tenure	Remaining term of lease
Gurun, Kedah, Malaysia	Factory and office	Leasehold	50 years

The fair value of the investment property was measured in May 2017 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by Azmi & Co (Kedah) Sdn Bhd, a firm of independent professional valuers on a systematic basis at least once in 2 to 5 years. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The rental income and related direct operating expenses are not significant.



## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 12. Property, plant and equipment

Group	Freehold properties \$'000	Motor vehicles \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost or valuation:</u>				
At 1 March 2016	4,198	9,677	5,263	19,138
Additions	4	2,153	716	2,873
Disposals	–	(13)	(239)	(252)
Reclassification to inventories	–	(1,349)	–	(1,349)
Foreign exchange adjustments	(94)	–	612	518
At 28 February 2017	4,108	10,468	6,352	20,928
Additions	–	2,422	1,265	3,687
Disposals	–	(38)	(624)	(662)
Reclassification from freehold property to plant and equipment	(2)	–	2	–
Reclassification to inventories	–	(2,372)	–	(2,372)
Foreign exchange adjustments	109	–	288	397
At 28 February 2018	<b>4,215</b>	<b>10,480</b>	<b>7,283</b>	<b>21,978</b>
<u>Accumulated depreciation:</u>				
At 1 March 2016	481	4,798	4,150	9,429
Depreciation for the year	135	1,749	487	2,371
Disposals	–	(37)	(188)	(225)
Reclassification to inventories	–	(1,050)	–	(1,050)
Foreign exchange adjustments	(21)	–	633	612
At 28 February 2017	595	5,460	5,082	11,137
Depreciation for the year	135	1,327	597	2,059
Disposals	–	(43)	(528)	(571)
Reclassification to inventories	–	(1,658)	–	(1,658)
Foreign exchange adjustments	25	–	245	270
At 28 February 2018	<b>755</b>	<b>5,086</b>	<b>5,396</b>	<b>11,237</b>
<u>Net carrying value:</u>				
At 1 March 2016	3,717	4,879	1,113	9,709
At 28 February 2017	3,513	5,008	1,270	9,791
At 28 February 2018	<b>3,460</b>	<b>5,394</b>	<b>1,887</b>	<b>10,741</b>
Represented by:				
Cost	–	5,394	1,887	7,281
Valuation	3,460	–	–	3,460
Total	<b>3,460</b>	<b>5,394</b>	<b>1,887</b>	<b>10,741</b>

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 12. Property, plant and equipment (cont'd)

Certain items are under finance lease agreements (Note 27C).

Motor vehicles on rental with a carrying amount of \$5,394,000 (2017: \$5,010,000) are classified under property, plant and equipment. When the rental ceases, these assets are reclassified as inventories at the carrying amounts.

For the revalued freehold properties, the carrying amount that would have been recognised had the asset been carried under the cost model is as follows:

	<b>Group</b>	
	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
Freehold properties:		
Cost	<b>4,236</b>	4,238
Net carrying amount	<b>3,180</b>	3,246

Allocation of the depreciation expense:

	<b>Group</b>	
	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
Cost of sales	<b>295</b>	185
Administrative expenses (Note 8)	<b>1,764</b>	2,186
Total	<b>2,059</b>	2,371

## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **12. Property, plant and equipment (cont'd)**

#### Revaluation of freehold properties:

- (a) The fair value of a freehold property was measured in March 2016 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by Orangetee.com Pte Ltd, a firm of independent professional valuers on a systematic basis at least once in 2 to 5 years. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the property being valued. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

For fair value measurements categorised within the fair value hierarchy below, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	Freehold property at 221 Henderson Road, #06-15 Henderson Building Singapore 159557
Fair value and fair value hierarchy – Level:	\$2,100,000 (2017: \$2,100,000). Level 3 (2017: Level 3).
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent transaction prices for similar properties.
Significant observable inputs and range:	Price per square foot. \$855.69 (2017: \$855.69)
Relationship of unobservable inputs to fair value:	Favourable (adverse) change in price per square foot will increase (decrease) fair value
Sensitivity on management's estimates – 10% variation from estimate	A hypothetical 10% decrease or increase in the price per square foot would have an effect on the fair value of – lower by \$210,000; higher by \$210,000.

This property with a carrying value of \$2,126,000 (2017: \$2,238,000) is pledged as security for the group's banking facilities (Note 32E).

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 12. Property, plant and equipment (cont'd)

#### Revaluation of freehold properties: (cont'd)

- (b) The fair value of another freehold property was measured in May 2017 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value did not differ materially from the carrying amount. The fair value was based on a valuation made by PA International Property Consultants Sdn Bhd, a firm of independent professional valuers on a systematic basis at least once in 2 to 5 years. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

For fair value measurements categorised within the fair value hierarchy below, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	Freehold property at No. 118, Jalan 1, Taman Sri Kluang, 86000 Kluang, Johor Darul Takzim
Fair value and fair value hierarchy – Level:	RM700,000, equivalent to \$236,000 (2017: RM660,000, equivalent to \$209,000). Level 3 (2017: Level 3).
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent transaction prices for similar properties.
Significant observable inputs and range:	Price per square foot. RM240 to RM260, equivalent to \$81.15 to \$87.73 (2017: RM192 to RM227, equivalent to \$60.69 to \$72.00)
Relationship of unobservable inputs to fair value:	Favourable (adverse) change in price per square foot will increase (decrease) fair value
Sensitivity on management's estimates – 10% variation from estimate	A hypothetical 10% decrease or increase in the price per square foot would have an effect on the fair value of – lower by RM70,000; higher by RM70,000.

## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **12. Property, plant and equipment (cont'd)**

#### Revaluation of freehold properties: (cont'd)

- (c) The fair value of the freehold property was measured in May 2017 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value did not differ materially from the carrying amount. The fair value was based on a valuation made by PA International Property Consultants Sdn Bhd, a firm of independent professional valuers on a systematic basis at least once in 2 to 5 years. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. There has been no change to the valuation technique during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

For fair value measurements categorised within the fair value hierarchy below, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	Freehold property at No. 21, Jalan 20, Taman Sri Kluang, 86000 Kluang, Johor Darul Takzim
Fair value and fair value hierarchy – Level:	RM5,400,000, equivalent to \$1,824,000 (2017: RM5,000,000, equivalent to \$1,584,000). Level 3 (2017: Level 3).
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent transaction prices for similar properties.
Significant observable inputs and range:	Price per square foot. RM28 to RM63, equivalent to \$9.63 to \$21.33 (2017: RM28 to RM57, equivalent to \$9.03 to \$18.21)
Relationship of unobservable inputs to fair value:	Favourable (adverse) change in price per square foot will increase (decrease) fair value
Sensitivity on management's estimates – 10% variation from estimate	A hypothetical 10% decrease or increase in the price per square foot would have an effect on the fair value of – lower by RM540,000; higher by RM540,000.



## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 12. Property, plant and equipment (cont'd)

Company	Plant and equipment \$'000
<u>Cost:</u>	
At 1 March 2016	789
Additions	128
Disposals	(66)
At 28 February 2017	851
Additions	313
Disposals	(395)
At 28 February 2018	<b>769</b>
<u>Accumulated depreciation:</u>	
At 1 March 2016	472
Depreciation for the year	132
Disposals	(18)
At 28 February 2017	586
Depreciation for the year	91
Disposals	(377)
At 28 February 2018	<b>300</b>
<u>Net carrying value:</u>	
At 1 March 2016	317
At 28 February 2017	265
At 28 February 2018	<b>469</b>

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 13. Intangible assets

	Group	
	2018 \$'000	2017 \$'000
Goodwill (Note 13A)	860	889
Other intangible assets (Note 13B)	—	—
Total	<b>860</b>	<b>889</b>

#### 13A. Goodwill

	Group	
	2018 \$'000	2017 \$'000
<u>Cost:</u>		
Balance at beginning of the year	1,090	1,044
Foreign exchange adjustments	(29)	46
Balance at end of the year	<b>1,061</b>	<b>1,090</b>
<u>Accumulated impairment:</u>		
Balance at beginning and end of the year	201	201
Net carrying value at end of the year	<b>860</b>	<b>889</b>

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the group's investment by each primary reporting segment as follows:

	Group	
	2018 \$'000	2017 \$'000
Accessories <sup>(a)</sup>	419	448
Non-Accessories <sup>(b)</sup>	441	441
Net book value at end of the year	<b>860</b>	<b>889</b>

<sup>(a)</sup> In respect of the group's investment in Ultimate Vehicle Pty Ltd.

<sup>(b)</sup> In respect of the group's investment in Index Credit Pte Ltd.

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGUs have been measured based on the value in use method. The value is regarded as Level 3 for fair value measurement as the valuation includes inputs for the asset that are not based on observable market data (unobservable inputs).

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 13. Intangible assets (cont'd)

#### 13A. Goodwill (cont'd)

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

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. Management forecast using cash flow forecast based on confirmed and probable projects.

The key assumptions and inputs used by management for the value in use calculations are:

	2018	2017
	%	%
<u>Growth rate:</u>		
Accessories	2.17 to 18.75	2.11 to 54.90
Non-Accessories	(1.33) to 1.55	1.39 to 3.62
<u>Discount rate:</u>		
Accessories	12.64	11.72
Non-Accessories	7.15	6.25

#### Sensitivity analysis on management's estimates:

##### Accessories:

Actual outcomes could vary from these estimates. If the revised estimated gross margin at the end of the reporting year had been 10% less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by \$Nil. If the revised estimated pre-tax discount rate applied to the discounted cash flows had been 10% less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by \$Nil. If the actual gross margin and the pre-tax discount rate had been more favourable than management's estimates, management would not be able to reverse any impairment losses that arose on goodwill because FRS 36 does not permit reversing any impairment loss for goodwill.

During the reporting year, management has assessed that no impairment loss was recognised for the goodwill for the accessories segment.

##### Non-Accessories:

Actual outcomes could vary from these estimates. If the revised estimated gross margin at the end of the reporting year had been 10% less favourable than management's estimates at the end of the reporting year, there would be a need to reduce the carrying value of goodwill by \$Nil. If the revised estimated pre-tax discount rate applied to the discounted cash flows had been 10% less favourable than management's estimates, there would be a need to reduce the carrying value of goodwill by \$Nil. If the actual gross margin and the pre-tax discount rate had been more favourable than management's estimates, management would not be able to reverse any impairment losses that arose on goodwill because FRS 36 does not permit reversing any impairment loss for goodwill.

During the reporting year, management has assessed that no impairment loss was recognised for the goodwill for the non-accessories segment.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 13. Intangible assets (cont'd)

#### 13B. Other intangible assets

Group	Contractual customer relationships \$'000	Non- contractual customer relationships \$'000	Total \$'000
<u>Cost:</u>			
At 1 March 2016, 28 February 2017, and 28 February 2018	248	588	836
<u>Accumulated amortisation:</u>			
At 1 March 2016	248	529	777
Amortisation for the year included under administrative expenses (Note 8)	—	59	59
At 28 February 2017 and 28 February 2018	248	588	836
<u>Net carrying value:</u>			
At 1 March 2016	—	59	59
At 28 February 2017 and 28 February 2018	—	—	—

### 14. Investments in subsidiaries

	Company	
	2018 \$'000	2017 \$'000
Unquoted shares at cost	20,771	20,771
Less: allowance for impairment	(4,433)	(5,385)
	<b>16,338</b>	15,386
Net carrying value of subsidiaries	<b>28,153</b>	22,530
Analysis of above amount denominated in non-functional currencies:		
United States Dollar	881	881
Malaysian Ringgit	1,868	1,868
Thai Baht	771	771
Euro	38	38
Movements in impairment allowance:		
Balance at beginning of the year	5,385	10,542
Reversal of impairment	(952)	(5,157)
Balance at end of the year	<b>4,433</b>	5,385

The increasing performance of J.V. (Thailand) Co., Ltd. was considered sufficient evidence to reverse the impairment loss. It has better performance from an increase in demand in sales.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 14. Investments in subsidiaries (cont'd)

The subsidiaries held by the company and its subsidiaries are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost		Effective percentage of equity held	
	2018 \$'000	2017 \$'000	2018 %	2017 %
<u>Held by the company</u>				
Jackspeed Leather Special Manufacturer (M) Sdn. Bhd. <sup>(1)</sup> Malaysia Production and sale of automotive leather trim (Crowe Horwath, Malaysia)	1,868	1,868	100	100
Jackspeed Leather Manufacture (Thailand) Co., Ltd. <sup>(1) (2) (3)</sup> Thailand Dormant (Pro Trinity Company Limited)	771	771	100	100
Jackson Vehicle Holdings Pte. Ltd. Singapore Investment holding (RSM Chio Lim LLP)	8,713	8,713	100	100
Jackspeed Singapore Pte. Ltd. Singapore Sale of automotive leather trim (RSM Chio Lim LLP)	5,000	5,000	100	100
PT JLS Indonesia <sup>(3) (4) (6)</sup> Indonesia Dormant	— <sup>(10)</sup>	— <sup>(10)</sup>	99.5	99.5
Jackspeed Europe B.V. <sup>(3) (6)</sup> The Netherlands Dormant	38	38	100	100
Jackspeed Leather Manufacturer (Haining) Co., Ltd <sup>(5) (6)</sup> China Dormant	881	881	100	100

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 14. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost		Effective percentage of equity held	
	2018 \$'000	2017 \$'000	2018 %	2017 %
<u>Held by the company (cont'd)</u>				
Index Credit Pte Ltd Singapore Finance leasing in new and used motor vehicles, car dealer and rental of motor vehicles (RSM Chio Lim LLP)	3,500	3,500	60	60
Ultimate Vehicle Pty Ltd <sup>(6)</sup> <sup>(12)</sup> Australia Distribution and installation of automotive leather seating, sunroofs, canopies and automotive accessories	— <sup>(10)</sup>	— <sup>(10)</sup>	100	100
Simply Infinity Limited <sup>(6)</sup> <sup>(12)</sup> British Virgin Islands Investment holding	— <sup>(10)</sup>	— <sup>(10)</sup>	100	100
Jackspeed Australia Pty Ltd <sup>(6)</sup> Australia Distribution and installation of automotive accessories	— <sup>(10)</sup>	— <sup>(10)</sup>	100	100
Simply Investments Pte. Ltd. Singapore Investment holding (RSM Chio Lim LLP)	— <sup>(10)</sup>	— <sup>(10)</sup>	100	100
<u>Held by subsidiaries</u>				
Jackspeed Industries Sdn. Bhd. <sup>(1)</sup> <sup>(7)</sup> Malaysia Production and sale of automotive leather trim (Crowe Horwath, Malaysia)	158	158	100	100
J.V. (Thailand) Co., Ltd. <sup>(8)</sup> <sup>(9)</sup> Thailand Manufacture, assembly and supply of automobile component parts (RSM Audit Services (Thailand) Limited)	1,082	1,082	100	100



## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 14. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost		Effective percentage of equity held	
	2018 \$'000	2017 \$'000	2018 %	2017 %
<u>Held by subsidiaries</u> (cont'd)				
Index Agency Pte. Ltd. <sup>(11)</sup>	200	200	60	60
Singapore				
Commission agents of motor vehicles (RSM Chio Lim LLP)				
Dynasty Culture Sdn. Bhd. <sup>(1) (7)</sup>	— <sup>(10)</sup>	— <sup>(10)</sup>	100	100
Malaysia				
Production and sale of automotive leather trim (Crowe Horwath, Malaysia)				

<sup>(1)</sup> Other independent auditors. Audited by firms of accountants other than member firms of RSM International, of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

<sup>(2)</sup> 6 ordinary shares of 100 Thai Baht each in Jackspeed Leather Manufacture (Thailand) Co., Ltd. are held in trust by certain directors and ex-employees of the group respectively.

<sup>(3)</sup> Management accounts were used for purpose of consolidation as it is not considered material.

<sup>(4)</sup> In the process of liquidation.

<sup>(5)</sup> Subsidiary's reporting year end is 31 December.

<sup>(6)</sup> These subsidiaries are exempted from audit by law in the country of incorporation. The management accounts as at 28 February 2018 (2017: 28 February 2017) were used for the purpose of consolidation as they are not considered material.

<sup>(7)</sup> This subsidiary is held by Jackspeed Leather Special Manufacturer (M) Sdn. Bhd..

<sup>(8)</sup> This subsidiary is held by Jackson Vehicle Holdings Pte. Ltd.. The subsidiary's 104,100 shares of 100 Thai Baht per preference share are held in trust by a preference shareholder of the subsidiary.

<sup>(9)</sup> Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

<sup>(10)</sup> Cost of investment is less than \$1,000.

<sup>(11)</sup> This subsidiary is held by Index Credit Pte Ltd.

<sup>(12)</sup> Reviewed by RSM Chio Lim LLP, Singapore for the purposes of consolidation.

As required by Rule 716 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 subsidiaries would not compromise the standard and effectiveness of the audit of the group.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 14. Investments in subsidiaries (cont'd)

There is a subsidiary that has non-controlling interests ("NCI") that are considered material to the reporting entity, and the main additional disclosures on them (amounts before intercompany eliminations) are presented below:

	Group	
	2018 \$'000	2017 \$'000
Name of the subsidiary: <u>Index Credit Pte Ltd</u>		
Profit allocated to NCI of the subsidiary during the reporting year	819	906
Accumulated NCI of the subsidiary at the end of the reporting year	3,603	3,184
The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before intercompany eliminations) is as follows:		
Dividends paid to non-controlling interests	400	400
Current assets	20,231	16,979
Non-current assets	45,412	25,413
Current liabilities	(54,337)	(34,224)
Revenue	22,694	43,128
Profit for the reporting year	2,049	2,522
Total comprehensive income	2,049	2,522
Operating cash flows, increase	15,304	7,367
Net cash flows, increase	187	112

### 15. Investment in an associate

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Movement in carrying value:				
At beginning of the year	3,484	—	3,484	—
Addition	—	3,484	—	3,484
Share of profit for the year	161	—	—	—
Carrying amount at end of the year	3,645	3,484	3,484	3,484
Share of net carrying value of associate	3,813	3,310	3,813	3,310

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 15. Investment in an associate (cont'd)

The associate held by the company is listed below:

Name of associate, country of incorporation, place of operations and principal activities (and independent auditor)	Effective percentage of equity held	
	2018 %	2017 %
<u>Held by the company</u>		
Wenul Assets (Industrial) Pte. Ltd. <sup>(1)(2)</sup>	13.4	13.4
Singapore		
Real estate development		
(Assurance Partners LLP)		

<sup>(1)</sup> Other independent auditor. Audited by firm of accountants other than member firms of RSM International, of which RSM Chio Lim LLP in Singapore is a member. Their name is indicated above.

<sup>(2)</sup> In the prior year, the group entered into a sale and purchase agreement to acquire 100,000 ordinary shares in Wenul Assets (Industrial) Pte. Ltd. ("WAPL") with two individuals, who are non-related parties of the group, for an aggregate consideration of \$5,200,000. The group acquired 67,000 ordinary shares representing 13.4% of WAPL for a consideration of \$3,484,000 and the two individuals acquired the remaining 33,000 ordinary shares representing 6.6% of WAPL for a consideration of \$1,716,000. On 15 September 2016, the group entered into a deed of trust with the two individuals to act as their trustees based on the following terms:

(a) The group has agreed to do the necessary to effectuate the transfer or payment of any dividends, bonuses or other rights which may from time to time accrue in respect of the WAPL shares to the individuals as beneficiaries.

(b) The group will not at any time transfer the WAPL shares.

(c) The group is entitled to exercise all voting and other rights conferred upon it as holder of WAPL shares.

The summarised financial information of the associate and the aggregated amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associate are as follows. These are not adjusted to reflect adjustments made by the entity when using the equity method.

	2018 \$'000	2017 \$'000
Revenue	28,149	103,722
Profit from continuing operations	3,753	23,929
Total comprehensive income	3,753	23,929
Current assets	56,220	71,225
Current liabilities	5,768	46,526
Non-current liabilities	22,000	—
Reconciliation:		
Net assets of the associate	28,452	24,699
Proportion of the reporting entity's interest in the associate	13.4%	13.4%
Carrying amount of the interest in the associate	3,813	3,310

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 16. Investment in a joint venture

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At beginning of the year	2	3	— <sup>(1)</sup>	— <sup>(1)</sup>
Share of loss for the year	(1)	(1)	—	—
Carrying amount at end of the year	1	2	— <sup>(1)</sup>	— <sup>(1)</sup>

<sup>(1)</sup> Cost of investment is less than \$1,000.

The joint venture held by the company is listed below:

Name of joint venture, country of incorporation, place of operations and principal activities (and independent auditor)	Effective percentage of equity held	
	2018	2017
	%	%
Jackspeed Euris Japan Pte. Ltd. <sup>(1) (2)</sup> Singapore Design, distribution and installation of automotive seat covers (Raffles PAC)	50	50

<sup>(1)</sup> Other independent auditor. Audited by firm of accountants other than member firms of RSM International, of which RSM Chio Lim LLP in Singapore is a member. Their name is indicated above.

<sup>(2)</sup> The unaudited management accounts of the joint venture have been used for equity accounting purpose as it is not considered material.

The summarised financial information of the joint venture and the aggregated amounts (and not the reporting entity's share of those amounts) based on the financial statements of the joint venture are as follows. These are not adjusted to reflect adjustments made by the entity when using the equity method.

	Assets \$'000	Liabilities \$'000	Revenue \$'000	Loss for the year \$'000
2018	3	2	—	(2)
2017	5	2	—	(2)

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 17. Finance lease receivables

Group	Minimum lease payments \$'000	Finance charges \$'000	Present value \$'000
<b>2018</b>			
Minimum lease payments receivable:			
Due within 1 year	19,773	(3,623)	16,150
Due within 2 to 5 years	41,738	(5,049)	36,689
Due after 5 years	3,456	(157)	3,299
Total	64,967	(8,829)	56,138
Presented in the statements of financial position as follows:			
Finance lease receivables, current	19,773	(3,623)	16,150
Finance lease receivables, non-current	45,194	(5,206)	39,988
	64,967	(8,829)	56,138
<b>2017</b>			
Minimum lease payments receivable:			
Due within 1 year	12,469	(1,567)	10,902
Due within 2 to 5 years	22,059	(3,443)	18,616
Due after 5 years	2,085	(397)	1,688
Total	36,613	(5,407)	31,206
Presented in the statements of financial position as follows:			
Finance lease receivables, current	12,469	(1,567)	10,902
Finance lease receivables, non-current	24,144	(3,840)	20,304
	36,613	(5,407)	31,206

Finance lease receivables are stated after allowance for impairment, as follows:

	Group	
	2018 \$'000	2017 \$'000
Movements in allowance:		
Balance at beginning of the year	292	233
Charged to profit or loss	76	59
Balance at end of the year	368	292

The average lease term is 1 to 10 (2017: 2 to 10) years. The average effective interest rate is about 4.48% to 23.89% (2017: 4.36% to 12.87%) per year. All lease obligations are denominated in Singapore dollars. The obligations under lease agreements are secured by the lessor's charge over the leased assets.

The carrying amount of the finance lease receivables is not significantly different from the fair value.

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **18. Available-for-sale financial assets, non-current**

	<b>Group and company</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Movements during the year:		
Fair value at beginning of the year	<b>276</b>	1,522
Disposals	–	(1,250)
(Decrease)/increase in fair value (Note 25)	<b>(2)</b>	10
Others	<b>(7)</b>	(6)
Fair value at end of the year	<b>267</b>	276

The above available-for-sale financial assets pertain to an investment in an unquoted structured product.

The unquoted structured product is measured at Level 3 of the fair value hierarchy based on the bid price in an inactive market.

### **19. Inventories**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Statement of financial position:</u>		
Motor vehicles held-for-sale	<b>336</b>	1,373
New motor vehicles not yet registered	<b>867</b>	2,660
Finished goods and goods held-for-sale	<b>491</b>	935
Work in progress	<b>113</b>	50
Raw materials, consumables and supplies	<b>1,685</b>	1,275
	<b>3,492</b>	6,293
<u>Profit or loss:</u>		
Inventories recognised as an expense in cost of sales:	<b>26,464</b>	44,624
Inclusive of the following charges:		
Inventories written down	<b>35</b>	4
Inventories written off	<b>402</b>	16

Certain inventories are financed through floor stocking facilities (Note 27A).



## NOTES TO THE FINANCIAL STATEMENTS

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### 20. Trade and other receivables

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Non-current:</u>				
<u>Other receivables:</u>				
Convertible loan receivable <sup>(c)(i)</sup>	–	10,000	–	10,000
<u>Current:</u>				
<u>Trade receivables:</u>				
Outside parties	7,434	4,421	2,257	440
Less: allowance for impairment	(14)	(8)	–	–
Advances to suppliers	103	365	–	–
Net trade receivables – subtotal	7,523	4,778	2,257	440
<u>Other receivables:</u>				
Related party (Note 3) <sup>(a)</sup>	597	557	–	–
Subsidiaries (Note 3) <sup>(b)</sup>	–	–	10,954	10,013
Less: allowance for impairment	–	–	(2,675)	(2,675)
Other receivables <sup>(c)</sup>	16,029	3,915	12,253	701
Less: allowance for impairment	(86)	(84)	(1)	(1)
Net other receivables – subtotal	16,540	4,388	20,531	8,038
Total trade and other receivables, current	24,063	9,166	22,788	8,478
<u>Movements in above allowance:</u>				
Balance at beginning of the year	92	95	2,676	7
Charged to profit or loss	3	–	–	2,669
Foreign exchange adjustments	5	(3)	–	–
Balance at end of the year	100	92	2,676	2,676

<sup>(a)</sup> The loan to a related party bears interest rate at 3% per year in 2017 and 2018. The loan is on a non-recourse basis except for the security held. The loan is partly secured by 104,100 shares of 100 Thai Baht per preference share of the subsidiary, J.V. (Thailand) Co., Ltd.. The related party is a preference shareholder of the subsidiary.

<sup>(b)</sup> Includes a loan of \$800,000 (2017: \$800,000) to a subsidiary, Index Credit Pte Ltd and bears interest rate at 12% per year (2017: 12%) and is repayable on demand.

## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **20. Trade and other receivables (cont'd)**

(c) Include in other receivables are:

- (i) In 2016 the company granted a convertible loan of \$10,000,000 to an external party, Prestige Cars Pte. Ltd. ("PCPL"). The loan to PCPL was for the purposes of importing BMW Alpina vehicles and distributing BMW products to the People's Republic of China ("PRC") by Prestige Cars Group Pte. Ltd. ("PCGPL").

The company has the right to obtain repayment by converting the outstanding loan and interest into fully paid shares of PCGPL, subject to certain terms and conditions being met. The convertible loan receivable is secured by a corporate guarantee from PCGPL and a personal guarantee from the sole shareholder of PCPL and PCGPL. PCGPL and PCPL are owned by a common director of these two entities.

In the event that there is no conversion, all outstanding loan and interest shall be repaid in cash. The interest rate on the loan is 15% per annum. If conversion takes place, the interest rate shall be reduced to 12% per annum.

Management has regarded the convertible loan as a hybrid financial instrument, consisting of the host contract (the loan receivable), and an embedded derivative (the option to convert to equity shares of PCGPL) component.

For the reporting year ended 28 February 2017, management had assessed the fair value of the option to be insignificant (Level 3), and the loan receivable to be \$10,000,000 respectively, as PCGPL is in the preliminary stage of venturing into the PRC market and is still in the start-up phase with unproven track results and the future cash flows cannot be reliably estimated. This is measured at Level 3 of the fair value hierarchy.

Management had assessed that there is no allowance of impairment in the loan receivable from PCPL of \$10,000,000 as at the reporting year end date, as there are no indicators of impairment.

As the probability of receiving interest payments is uncertain at the moment, interest has not been accrued. Upon receipt of cash (other than from the realisation of the loan), the overall risk will be re-evaluated and, if appropriate, the non-accrued interest is recovered and taken to profit or loss. The convertible loan is not reclassified as interest accruing until the future payments are reasonably assured.

During the reporting year ended 28 February 2018, the loan was restructured to remove the convertible option and the loan is to be fully repaid by 30 June 2018 and the interest rate shall be reduced to 6% per annum calculated on a simple basis. At the date of this report, \$1,000,000 has been repaid on the loan.

For the reporting year ended 28 February 2018, management has assessed the recoverability of the loan based on the value of additional collaterals to be obtained from the borrower as mentioned in the Letter of Intent signed with PCPL. There is no allowance of impairment on the loan receivable from PCPL of \$9,000,000 as at the reporting year end, as the valuation of properties which are to be pledged as collaterals is expected to cover the loan receivable.

As the probability of receiving interest payments is uncertain at the moment, interest has not been accrued. Upon receipt of cash (other than from the realisation of the loan), the overall risk will be re-evaluated and, if appropriate, the non-accrued interest is recovered and taken to profit or loss. The loan is not reclassified as interest accruing until the future payments are reasonably assured.

- (ii) an aggregate amount of \$1,824,000 (2017: \$2,655,000) pertaining to loans given to outside parties for real estate projects in the United States of America. These loans bore interest of 10% (2017: 10%) per annum and were repayable by 31 December 2017 and 31 July 2018 (2017: 31 December 2017), or earlier. Subsequent to the end of the reporting year, there was a repayment of \$463,000;
- (iii) a loan of \$1,191,000 that was made to a company incorporated in the United States of America in 2018. The loan bears interest of 1.2% per month and is repayable by 5 July 2018;
- (iv) a loan of \$1,000,000 was made to an external party in 2018 and was fully repaid subsequent to the end of the reporting year on 31 March 2018. The loan bears interest of 1% per month;
- (v) a loan of \$2,600,000 that was made to an external party in 2018 and was repayable by 28 September 2017. The loan bears an interest of 1% per month for the first four months and 2% per month subsequently on the unpaid amount. There was a repayment of \$951,000 during the year and subsequent to the end of the reporting year, there was a repayment of \$265,000; and
- (vi) a loan of \$910,000 that was made to an external party in 2018 and was repayable by 31 December 2017. The loan bears an interest of 2% per month. Subsequent to the end of the reporting year, there was a repayment of \$251,000.

## NOTES TO THE FINANCIAL STATEMENTS

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### 21. Other assets, current

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Deposits to secure services	443	280	1	1
Prepayments	744	517	33	30
Tax recoverable	259	150	–	–
	<b>1,446</b>	<b>947</b>	<b>34</b>	<b>31</b>

### 22. Cash and cash equivalents

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not restricted in use	18,334	12,684	8,257	3,231
Restricted cash <sup>(a)</sup>	31	12	–	–
	<b>18,365</b>	<b>12,696</b>	<b>8,257</b>	<b>3,231</b>
Interest earning balances	1,718	218	–	–

<sup>(a)</sup> This is cash pledged for bank facilities.

### 22A. Cash and cash equivalents in the statement of cash flows:

	Group	
	2018 \$'000	2017 \$'000
Amount as shown above	18,365	12,696
Restricted cash	(31)	(12)
Cash and cash equivalents for statement of cash flows purposes at end of the year	<b>18,334</b>	<b>12,684</b>

### 22B. Reconciliation of liabilities arising from financing activities:

Group	2017 \$'000	Cash flows \$'000	Non-cash changes \$'000	2018 \$'000
Bank loans (secured) and trust receipts	1,343	56	(805) <sup>(a)</sup>	594
Finance lease liabilities	30,571	(1,631)	24,401 <sup>(b)</sup>	53,341
Total liabilities from financing activities	<b>31,914</b>	<b>(1,575)</b>	<b>23,596</b>	<b>53,935</b>

<sup>(a)</sup> Acquisitions of inventories.

<sup>(b)</sup> Acquisitions of plant and equipment and offset against finance lease receivables.

## NOTES TO THE FINANCIAL STATEMENTS

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### 23. Dividends paid on ordinary shares

	Group and company	
	2018	2017
	\$'000	\$'000
The following tax exempt (one-tier) dividends were declared and paid by the group and company to the owners of the company:		
Final dividend of 1 cent per share in respect of 2017 (2016: Nil)	3,020	—
Interim dividend of 0.5 cent per share in respect of 2018 (2017: Nil)	1,511	—
	<b>4,531</b>	<b>—</b>

### 24. Share capital

	Group and company	
	Number of shares issued	Share capital
	'000	\$'000
Ordinary shares of no par value:		
Balance at 1 March 2016 and 28 February 2017	251,044	31,208
Issuance of ordinary shares	50,208	5,657
Balance at 28 February 2018	<b>301,252</b>	<b>36,865</b>

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

In order to maintain its listing on the Singapore Stock Exchange the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year.

Management receives a report from the registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the year.

During the reporting year, 50,208,700 ordinary shares of no par value were issued for cash at \$0.11385 each.

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Net debt:				
All current and non-current borrowings including finance leases	53,935	31,914	191	134
Less: cash and cash equivalents	(18,365)	(12,696)	(8,257)	(3,231)
Net debt	<b>35,570</b>	<b>19,218</b>	<b>(8,066)</b>	<b>(3,097)</b>
Total equity	<b>52,534</b>	<b>44,807</b>	<b>37,549</b>	<b>34,336</b>
Debt-to-adjusted capital ratio	<b>67.71%</b>	<b>42.89%</b>	<b>N.M.</b>	<b>N.M.</b>

N.M.: Not meaningful

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 24. Share capital (cont'd)

The increase in the debt-to-adjusted capital ratio for the reporting year was mainly due to the increase in debts undertaken as a result of increase in leasing business of a subsidiary, Index Credit Pte Ltd, during the reporting year.

#### Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

### 25. Other reserves

	Asset revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000
<u>Group</u>				
At 1 March 2016	329	(16)	(2,263)	(1,950)
Fair value gain on available-for-sale financial assets (Note 18)	—	10	—	10
Exchange differences on translating foreign operations	—	—	(308)	(308)
At 28 February 2017	329	(6)	(2,571)	(2,248)
Fair value loss on available-for-sale financial assets (Note 18)	—	(2)	—	(2)
Exchange differences on translating foreign operations	—	—	610	610
At 28 February 2018	<b>329</b>	<b>(8)</b>	<b>(1,961)</b>	<b>(1,640)</b>
<u>Company</u>				
At 1 March 2016	—	(16)	—	(16)
Fair value gain on available-for-sale financial assets (Note 18)	—	10	—	10
At 28 February 2017	—	(6)	—	(6)
Fair value loss on available-for-sale financial assets (Note 18)	—	(2)	—	(2)
At 28 February 2018	<b>—</b>	<b>(8)</b>	<b>—</b>	<b>(8)</b>

The asset revaluation reserve (net of deferred tax) arises from the revaluation of the property held in Malaysia. It is not distributable until the disposal of the property.

The fair value reserve relates to the changes in fair value of available-for-sale financial assets.

The foreign currency translation reserve accumulates all foreign exchange differences.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 26. Trade and other payables, current

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	3,702	3,715	701	764
Trade payables – subtotal	3,702	3,715	701	764
<u>Other payables:</u>				
Related parties <sup>(a)</sup> (Note 3)	400	200	–	–
Outside parties	505	380	8	7
Deposits from outside parties	380	398	–	–
Subsidiaries (Note 3)	–	–	5,828	2,560
Associate (Note 3)	7,360	3,350	7,360	3,350
Other payables – subtotal	8,645	4,328	13,196	5,917
Total trade and other payables	12,347	8,043	13,897	6,681

<sup>(a)</sup> The loans from related parties bear interest rate at 12% per year (2017: 12%) and are repayable on demand. The related parties are non-controlling shareholders and directors of the subsidiary, Index Credit Pte Ltd.



## NOTES TO THE FINANCIAL STATEMENTS

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### 27. Other financial liabilities

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Non-current:</u>				
<u>Financial instruments with fixed interest rates:</u>				
Finance leases (Note 27C)	2,112	2,466	–	–
Non-current, total	2,112	2,466	–	–
<u>Current:</u>				
<u>Financial instruments with fixed interest rates:</u>				
Trust receipts (Note 27B)	191	134	191	134
Finance leases (Note 27C)	51,229	28,105	–	–
<u>Financial instruments with floating interest rates:</u>				
Bank loans (secured) (Note 27A)	403	1,209	–	–
Current, total	51,823	29,448	191	134
Total	53,935	31,914	191	134
The non-current portion is repayable as follows:				
Due within 2 to 5 years	2,102	2,395	–	–
After 5 years	10	71	–	–
Total non-current portion	2,112	2,466	–	–

The range of fixed rate interest rates paid was as follows:

	Group	
	2018 %	2017 %
Trust receipts	3.50	2.51

The range of floating rate interest rates paid was as follows:

	Group	
	2018 %	2017 %
Bank loans	5.00	5.00

#### 27A. Bank loans (secured)

Certain floor stocking facilities of a subsidiary are secured by floating charges over the assets of a subsidiary for monies owing over the assets financed by the banks, covered by corporate guarantee from the company and joint and several guarantees from certain directors.

	Group	
	2018 \$'000	2017 \$'000
Inventories under floor stocking facilities	503	1,538

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 27. Other financial liabilities (cont'd)

#### 27B. Trust receipts

The period of financing under trust receipts is 30 days (2017: 30 days). The interest is payable up to 1.50% (2017: 1.50%) per annum over Singapore Inter Bank Offer Rate (SIBOR) prevailing from time to time.

#### 27C. Finance leases

Group	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2018</u>			
Minimum lease payments payable:			
Due within 1 year	55,635	(4,406)	51,229
Due within 2 to 5 years	2,202	(100)	2,102
Due after 5 years	10	–	10
Total	57,847	(4,506)	53,341

Finance lease receivables and net carrying value of plant and equipment under finance leases

61,536

#### 2017

Minimum lease payments payable:

Due within 1 year	30,113	(2,008)	28,105
Due within 2 to 5 years	2,614	(219)	2,395
Due after 5 years	81	(10)	71
Total	32,808	(2,237)	30,571

Finance lease receivables and net book value of plant and equipment under finance leases

35,042

Certain of the group's finance lease receivables and plant and equipment are under finance leases. The average lease term is 1 to 10 (2017: 2 to 7) years. The effective rate of interest for finance leases is about 1.92% to 6.69% (2017: 1.64% to 6.40%) per year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The obligations under finance leases are secured by the lessor's charge over the leased assets. Certain finance leases of a subsidiary are covered by joint and several guarantees by certain directors and corporate guarantee from the company.

The carrying amount of the lease liabilities is not significantly different from the fair value.

Although certain finance leases amounting to \$33,920,000 (2017: \$15,835,000) are for a period of 2 years and above (2017: 2 years and above), they have been classified as "current" because under the terms of the credit facilities, the subsidiary does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting year.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 28. Dividends paid to non-controlling interests

	Rate per share		2018 \$'000	2017 \$'000
	2018 \$	2017 \$		
Final dividend paid net of income tax	1.25	1.25	400	400

In respect of the current reporting year, the directors of a subsidiary have declared and paid a final dividend of \$1.25 (2017: \$1.25) per share with a total of \$400,000 (2017: \$400,000) to the non-controlling shareholders of the subsidiary. There are no income tax consequences of the dividends to these non-controlling shareholders.

### 29. Contingent liability

A subsidiary signed a settlement agreement with a customer to reimburse the customer concerned for 70% of the cost of rectifying motor vehicles that were recalled. Of the estimated cost of \$590,000 (equivalent to AUD528,000), an amount of \$382,000 (equivalent to AUD331,000) has been fully provided and paid for. The remaining cost of \$208,000 (equivalent to AUD197,000) is uncertain and management has not made any provision in respect of this amount as at 28 February 2018.

### 30. Operating lease income commitments – as lessor

Operating lease income commitments represent rental from the leasing of motor vehicles to customers for terms ranging from 1 month to 5 years. It is not practical to estimate the operating lease income commitments as the majority of the commitments are short-term leases and the customers generally renew their leases on a short-term basis. Please refer to Note 5 for the rental income.

### 31. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not later than 1 year	525	694	8	9
Later than 1 year and not later than 5 years	718	69	–	4
Rental expense for the year	811	785	59	60

Operating lease payments mainly represent rentals payable by the group for its leasehold premises, office and production facilities located at the following locations:

- (a) G802/10 Amata Nakorn Industrial Estate, Thailand;
- (b) Lot B69, B73 and AB05 Turf City, 210 Turf Club Road, Singapore 287995; and
- (c) 29 Sir Laurence Drive, Seaford, Australia, Victoria 3198.

**NOTES TO THE FINANCIAL STATEMENTS**

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**31. Operating lease payment commitments – as lessee (cont'd)**

The lease (a) for office and production facilities in Thailand is for 3 years from 1 October 2017 to 30 September 2020. Rentals are not subject to an escalation clause.

The lease (b) for office facilities in Singapore is for 34 months from 1 March 2018 to 31 December 2020. Rentals are not subject to an escalation clause.

The lease (c) for office, production and warehouse facilities in Australia is for 1 year from 5 October 2017 to 4 October 2018. Rentals are not subject to an escalation clause.

**32. Financial instruments: information on financial risks****32A. Categories of financial assets and liabilities**

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Financial assets</u>				
Cash and cash equivalents	18,365	12,696	8,257	3,231
Loans and receivables	80,098	50,007	22,788	18,478
Available-for-sale financial assets	267	276	267	276
At end of the year	98,730	62,979	31,312	21,985
<u>Financial liabilities</u>				
Trade and other payables measured at amortised cost	11,967	7,645	13,897	6,681
Other financial liabilities measured at amortised cost	53,935	31,914	191	134
At end of the year	65,902	39,559	14,088	6,815

Further quantitative disclosures are included throughout these financial statements.

**32B. Financial risk management**

The main purpose of holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, currency risk and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.

## ***NOTES TO THE FINANCIAL STATEMENTS***

28 February 2018

### **32. Financial instruments: information on financial risks (cont'd)**

#### **32B. Financial risk management (cont'd)**

3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

The group is exposed to currency and interest rate risks. There are no arrangements to manage such risk exposures through derivatives and other hedging instruments.

#### **32C. Fair values of financial instruments**

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

#### **32D. Credit risk on financial assets**

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and debtors unless otherwise disclosed in the notes to the financial statements below.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to non-related trade receivable customers of the group and company is about 30 to 60 (2017: 30 to 60) days. However, some customers take a longer period to settle the amounts.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 32. Financial instruments: information on financial risks (cont'd)

#### 32D. Credit risk on financial assets (cont'd)

- (a) Ageing analysis of trade receivable amounts that are past due as at the end of the reporting year but not impaired:

	Group	
	2018 \$'000	2017 \$'000
<u>Trade receivables:</u>		
1 to 60 days	596	658
61 to 90 days	599	68
91 to 180 days	781	30
Over 180 days	3	14
At end of the year	<b>1,979</b>	<b>770</b>

- (b) Ageing analysis as at the end of the reporting year of trade receivable amounts that are impaired and are unsecured:

	Group	
	2018 \$'000	2017 \$'000
<u>Trade receivables:</u>		
Over 180 days	14	8
At end of the year	<b>14</b>	<b>8</b>

- (c) Finance lease receivable amount that are past due is \$618,000 (2017: \$400,000), of which \$368,000 (2017: \$292,000) are determined to be impaired as at the end of the reporting year. The allowance is based on individual accounts totalling \$368,000 (2017: \$292,000) that are determined to be impaired at the end of the reporting year. These are not secured.

Concentration of trade receivable customers as at the end of the reporting year:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Top 1 customer	2,006	950	1,558	442
Top 2 customers	<b>3,564</b>	1,392	<b>2,257</b>	442

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 32. Financial instruments: information on financial risks (cont'd)

#### 32D. Credit risk on financial assets (cont'd)

Concentration of other receivables as at the end of the reporting year:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Top 1 counterparty	9,000	10,000	9,000	10,000
Top 2 counterparties	10,942	10,706	10,942	10,700

Cash and cash equivalents as disclosed in Note 22 represent amounts with less than 90 days maturity.

Other receivables are normally with no fixed terms and therefore there is no maturity except as disclosed in Note 20.

#### 32E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
<u>Non-derivative financial liabilities:</u>				
<u>2018</u>				
Gross borrowing commitments	594	–	–	594
Gross finance lease obligations	55,635	2,202	10	57,847
Trade and other payables	11,967	–	–	11,967
At end of the year	68,196	2,202	10	70,408
<u>2017</u>				
Gross borrowing commitments	1,359	–	–	1,359
Gross finance lease obligations	30,113	2,614	81	32,808
Trade and other payables	7,645	–	–	7,645
At end of the year	39,117	2,614	81	41,812



## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 32. Financial instruments: information on financial risks (cont'd)

#### 32E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Company	Less than 1 year \$'000	2 to 5 years \$'000	After 5 years \$'000	Total \$'000
<u>Non-derivative financial liabilities:</u>				
<u>2018</u>				
Gross borrowing commitments	191	–	–	191
Trade and other payables	13,897	–	–	13,897
Financial guarantee contracts – in favour of certain subsidiaries	80,823	–	–	80,823
At end of the year	94,911	–	–	94,911
<u>2017</u>				
Gross borrowing commitments	135	–	–	135
Trade and other payables	6,681	–	–	6,681
Financial guarantee contracts – in favour of certain subsidiaries	69,708	–	–	69,708
At end of the year	76,524	–	–	76,524

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statements of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 60 (2017: 60) days. The other payables are with short-term durations. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

#### Bank facilities:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Undrawn borrowing facilities	3,924	3,898	400	400

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 32. Financial instruments: information on financial risks (cont'd)

#### 32E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts – For financial guarantee contracts the maximum earliest period in which the guarantee could be called is used. At the end of the reporting year no claims on the financial guarantees are expected. The following table shows the maturity analysis of the contingent liabilities:

Company	Less than 1 year	
	2018 \$'000	2017 \$'000
Financial guarantee contracts – in favour of certain subsidiaries and associate	<b>80,823</b>	69,708

The undiscounted amounts on the bank borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

#### 32F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Financial assets with interest:</u>				
Fixed rate	<b>74,057</b>	44,843	<b>12,519</b>	10,976
At end of the year	<b>74,057</b>	44,843	<b>12,519</b>	10,976
<u>Financial liabilities with interest:</u>				
Fixed rate	<b>53,532</b>	30,905	<b>191</b>	134
Floating rate	<b>403</b>	1,209	–	–
At end of the year	<b>53,935</b>	32,114	<b>191</b>	134

Sensitivity analysis: The effect on pre-tax profit is not significant.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 32. Financial instruments: information on financial risks (cont'd)

#### 32G. Foreign currency risks

Analysis of amounts denominated in non-functional currencies:

Group	Euro \$'000	Thai Baht \$'000	United States Dollars \$'000	Total \$'000
<b>2018</b>				
<u>Financial assets</u>				
Cash and cash equivalents	154	– <sup>(1)</sup>	1,906	2,060
Loans and receivables	396	597	2,511	3,504
Total financial assets	550	597	4,417	5,564
<u>Financial liabilities</u>				
Other financial liabilities	–	–	(191)	(191)
Trade and other payables	(72)	–	(109)	(181)
Total financial liabilities	(72)	–	(300)	(372)
Net financial assets at end of the year	478	597	4,117	5,192
<b>2017</b>				
<u>Financial assets</u>				
Cash and cash equivalents	268	– <sup>(1)</sup>	2,691	2,959
Loans and receivables	454	557	652	1,663
Total financial assets	722	557	3,343	4,622
<u>Financial liabilities</u>				
Other financial liabilities	–	–	(134)	(134)
Trade and other payables	(97)	–	(111)	(208)
Total financial liabilities	(97)	–	(245)	(342)
Net financial assets at end of the year	625	557	3,098	4,280

<sup>(1)</sup> Amount is less than \$1,000.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 32. Financial instruments: information on financial risks (cont'd)

#### 32G. Foreign currency risks (cont'd)

Company	United States Dollars \$'000
<u>2018</u>	
<u>Financial assets</u>	
Cash and cash equivalents	1,820
Loans and receivables	2,469
Total financial assets	4,289
<u>Financial liabilities</u>	
Other financial liabilities	(191)
Total financial liabilities	(191)
Net financial assets at end of the year	4,098
<u>2017</u>	
<u>Financial assets</u>	
Cash and cash equivalents	1,703
Loans and receivables	442
Total financial assets	2,145
<u>Financial liabilities</u>	
Other financial liabilities	(134)
Total financial liabilities	(134)
Net financial assets at end of the year	2,011

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis: The effect on pre-tax profit and other comprehensive income is not significant.

## **NOTES TO THE FINANCIAL STATEMENTS**

28 February 2018

### **33. Events after the end of the reporting year**

The Board of Directors is proposing a final dividend of 0.5 cent per ordinary share, for approval by shareholders at the forthcoming annual general meeting to be convened.

On 12 March 2018, the Group placed a deposit of \$4,200 (equivalent to Thai Baht 100,000) for a piece of land in Thailand with a purchase price of \$1,772,000 (equivalent to Thai Baht 42,000,000) for construction of new factory.

### **34. Changes and adoption of financial reporting standards**

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

<b>FRS No.</b>	<b>Title</b>
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets For Unrealised Losses

### **35. New or amended standards in issue but not yet effective**

For the future reporting years new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s ("SFRS(I) INT") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

<b>FRS No.</b>	<b>Title</b>	<b>Effective date for periods beginning on or after</b>
SFRS(I) 1-28	Amendments to, Investments in Associates and Joint Venture – Sale or Contribution of Assets	1 Jan 2018
SFRS(I) 1-40	Amendments to, Transfer of Investment Property	1 Jan 2018
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 Jan 2018
SFRS(I) 9	Financial Instruments	1 Jan 2018
SFRS(I) 15	Revenue from Contracts with Customers Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 Jan 2018
SFRS(I) 16	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019

The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards will have on the entity's financial statements in the period of initial application.

## NOTES TO THE FINANCIAL STATEMENTS

28 February 2018

### 36. Reclassification and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. Certain finance leases have been reclassified from current liabilities to non-current liabilities in accordance with the repayment terms. As a result, certain line items have been amended in the statements of financial position and the related notes to the financial statements.

The items were reclassified as follows:

Statements of Financial Position	Group 2017	
	Previously reported \$'000	After reclassification \$'000
<u>Non-current liabilities</u>		
Other financial liabilities, non-current	3	2,466
<u>Current liabilities</u>		
Other financial liabilities, current	31,911	29,448

## SHAREHOLDINGS STATISTICS

As at 18 May 2018

Number of Issued Shares	:	301,002,279 (excluding treasury shares)
Number of Treasury Shares held	:	250,000 (0.08% of 301,252,279 issued shares)
Number of subsidiary holdings held	:	Nil (0% of 301,252,279 issued shares)
Voting rights	:	One vote for each ordinary share (excluding treasury shares)

### ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	39	8.09	33,910	0.01
1,001 – 10,000	182	37.76	1,089,300	0.36
10,001 – 1,000,000	240	49.79	23,001,100	7.64
1,000,001 and above	21	4.36	277,127,969	91.99
	482	100.00	301,252,279	100.00

### TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%**
1	Citibank Nominees Singapore Pte Ltd	163,012,261	54.16
2	UOB Kay Hian Pte Ltd	23,217,800	7.71
3	Yip Tai Him	14,222,427	4.73
4	Kong Hwai Ming	12,000,000	3.99
5	Benedict Chen Onn Meng	9,200,000	3.06
6	DBS Nominees Pte Ltd	8,965,900	2.98
7	Lee Wan Ling (Li Wanling)	7,200,000	2.39
8	DBS Vickers Securities (S) Pte Ltd	7,009,000	2.33
9	Maybank Kim Eng Securities Pte Ltd	5,336,400	1.77
10	Raffles Nominees (Pte) Ltd	4,524,300	1.50
11	Phillip Securities Pte Ltd	3,268,500	1.09
12	Lim Tien Lock Christopher	2,850,000	0.95
13	Wong Kwee Ton	2,599,000	0.86
14	Chiew Poh Cheng	2,400,000	0.80
15	Steven Widjaja	2,002,000	0.67
16	Ang De Yu	1,892,081	0.63
17	Laureen Lim Lizhen	1,885,100	0.63
18	Low Ee Hwee	1,650,000	0.55
19	Chan Mei Lin Margaret Ella	1,491,900	0.50
20	Lynsey Lim Lifen	1,324,500	0.44
		276,051,169	91.74

\*\* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 18 May 2018, excluding 250,000 ordinary shares held as treasury shares as at that date.



## SHAREHOLDINGS STATISTICS

As at 18 May 2018

### SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 18 May 2018, 45.49% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

### SUBSTANTIAL SHAREHOLDERS

	No. of Shares		%**
	Direct Interests	Deemed Interests	
Cheng Kwee Kiang	111,230,561	—	36.95
Chua Keng Woon	50,248,700	—	16.69

\*\* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 18 May 2018, excluding 250,000 ordinary shares held as treasury shares as at that date.

## ***NOTICE OF ANNUAL GENERAL MEETING***

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Jackspeed Corporation Limited (the “**Company**”) will be held at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927 on Tuesday, 26 June 2018 at 10.00 a.m. for the following purposes:-

### **AS ORDINARY BUSINESSES**

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 28 February 2018 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final dividend (tax exempt one-tier) of S\$0.005 per ordinary share for the financial year ended 28 February 2018. **(Resolution 2)**
3. To re-elect the following Directors of the Company who are retiring pursuant to Regulation 107 of the Constitution of the Company:-
  - (i) Mr Toh Tiong San **(Resolution 3)**
  - (ii) Mr Yap Kian Peng **(Resolution 4)**

*[See Explanatory Note (i)]*
4. To approve the payment of Directors’ fees of S\$265,000 for the year ended 28 February 2018 (2017: S\$265,000). **(Resolution 5)**
5. To re-appoint Messrs RSM Chio Lim LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

### **AS SPECIAL BUSINESSES**

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

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

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

- (a)
  - (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the “**Share Issue Mandate**”)

## ***NOTICE OF ANNUAL GENERAL MEETING***

provided that:-

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:-
  - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force
  - (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or
  - (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments, whichever is earlier.

**(Resolution 7)**

*[See Explanatory Note (ii)]*

### **8. Authority to issue shares under the Jackspeed Share Award Scheme**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards (“**Awards**”) in accordance with the provision of the Jackspeed Share Award Scheme (“**ESAS**”) and to issue and/or deliver from time to time such number of shares in the capital of the Company (excluding treasury shares and subsidiary holdings) as may be required to be issued and/or delivered pursuant to the ESAS shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, but subject to the aggregate number of shares available under all schemes including share award/share plans must not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

**(Resolution 8)**

*[See Explanatory Note (iii)]*

## ***NOTICE OF ANNUAL GENERAL MEETING***

### **9. Renewal of Share Purchase Mandate**

That:-

- (a) for the purposes of Sections 76C and 76E of the Companies Act, as may be amended or modified from time to time, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the Company (“the **Shares**”) not exceeding in aggregate 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) and subject to the Companies Act, as at the date of the passing of this Resolution, 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 a “**Market Purchase**”) transacted on the SGX-ST through the SGX-ST’s trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (each an “**Off-Market Purchase**”) effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act,

and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”).

- (b) purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the passing of this Resolution and up to the earliest of:-

- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (ii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by shareholders in general meeting.

- (c) in this Resolution:-

“**Maximum Price**”, in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, applicable goods and services tax and other related expenses) not exceeding:-

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined hereinafter) of the Shares,

For the above purposes:-

“**Average Closing Price**” means the average of the closing market prices of Shares over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

## ***NOTICE OF ANNUAL GENERAL MEETING***

**“date of the making of the offer”** means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution. **(Resolution 9)**

*[See Explanatory Note (iv)]*

By Order of the Board

Chua Sze Chyi / Chew Kok Liang  
 Joint Company Secretaries

11 June 2018  
 Singapore

### **Explanatory Notes:-**

- (i) Mr Toh Tiong San will, upon re-election as Director of the Company, remain as Chairman of the Nominating Committee and Audit Committee and a member of the Remuneration Committee. He will be considered as independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Yap Kian Peng will, upon re-election as Director of the Company, remain as an Executive Deputy Chairman, a member of the Remuneration Committee and Audit Committee and will be considered non-independent.

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

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

- (iii) The Ordinary Resolution 8, in item 8 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the ESAS and other share-based incentive schemes of the Company up to a number not exceeding in total (for the entire duration of the ESAS) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time, but subject to the aggregate number of shares available under all schemes including share award/share plans must not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time.

## ***NOTICE OF ANNUAL GENERAL MEETING***

- (iv) The Ordinary Resolution 9, in item 9 above, if passed, relates to the renewal of the share purchase mandate, which was first approved by the Shareholders on 26 June 2013 and was renewed at the previous annual general meetings of the Company, authorising the Company to purchase its own Shares. Please refer to the Circular to Shareholders dated 11 June 2018 accompanying the Notice of Annual General Meeting for more information.

### **Notes:-**

1. (a) A member of the Company (other than a Relevant Intermediary\*), entitled to attend, speak and vote at a meeting of the Company, is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. Where such member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his or her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (b) A Member who is a Relevant Intermediary\* is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting of the Company may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
2. A proxy need not be a member of the Company.
3. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 221 Henderson Road, #06-15 Henderson Building, Singapore 159557 not less than 48 hours before the time appointed for holding the Meeting.

\*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**

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (and/or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (and/or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (and/or its agents or service providers) to comply with any applicable laws, listing rules, take-over 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 (and/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 (and/or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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# JACKSPEED CORPORATION LIMITED

Company Registration No. 199300300W  
(Incorporated In the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:-

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

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.)

of \_\_\_\_\_

being a member/members of **JACKSPEED CORPORATION LIMITED** (the "Company"), hereby appoint:-

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927 on Tuesday, 26 June 2018 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:-	No. of votes 'For'*	No. of votes 'Against'*
<b>Ordinary Business</b>			
1.	Directors' Statement and Audited Financial Statements for the year ended 28 February 2018		
2.	Declaration of Final Dividend for the financial year ended 28 February 2018		
3.	Re-election of Mr Toh Tiong San as Director		
4.	Re-election of Mr Yap Kian Peng as Director		
5.	Approval of Directors' fees amounting to S\$265,000 for the year ended 28 February 2018		
6.	Re-appointment of Messrs RSM Chio Lim LLP as Auditors		
<b>Special Business</b>			
7.	Authority to issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual		
8.	Authority to issue shares under the Jackspeed Share Award Scheme		
9.	Renewal of Share Purchase Mandate		

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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

\_\_\_\_\_  
Signature of Shareholder(s)  
and, Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES ON THE REVERSE**

**Notes:-**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary\*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary\*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 221 Henderson Road, #06-15 Henderson Building, Singapore 159557 not less than 48 hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme (“CPF Investor”) and/or the Supplementary Retirement Scheme (“SRS Investors”) (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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

**General:-**

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





## ***JACKSPEED CORPORATION LIMITED***

Registration No: 199300300W

221 Henderson Road, #06-15, Singapore 159557

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Email: [investor@jackspeed.com](mailto:investor@jackspeed.com)