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JASON MARINE GROUP LIMITED

HOPE

ANNUAL REPORT

2019

The HOPE of new life in a seedling drives its determination to thrive no matter what the environment. So in spite of the ever changing tide, the seedling slowly but surely reaches its roots down into the ground, and grows.

This holds true for Jason Marine Group, where the unwavering faith in our people, Information Communication Technology ("**ICT**") capabilities, and longstanding reputation for excellence give us HOPE that we shall rise above our present challenges, ready to seize new opportunities that may arise. We have set our hearts forward, courageously and patiently taking small and steady steps, not just to do more of what we already offer, but to also add new services, capabilities, business partners and customers. Our growth will further entrench our presence in existing markets, expand our global reach and create new revenue streams to drive a sustainable future for the Group.

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CORPORATE PROFILE

Jason Marine Group Limited ("**Jason Marine**" or the "**Company**") is a leading marine electronics systems integrator and support services provider for the marine and offshore oil & gas industries. The Company and its subsidiaries (the "**Group**") have established a track record of delivering quality results safely and efficiently which has enabled it to become one of the industry's key players in Singapore and forging lasting relationships with a global customer base.

Established in 1976 with its headquarters in Singapore, Jason Marine has since expanded to Indonesia, Malaysia, Thailand and China. It carries an extensive range of supplies from renowned manufacturers and continues to add products chosen to meet customers' exacting requirements.

The Group's proven expertise in marine communication, navigation and automation systems enables it to offer one-stop solutions that span design, supply, integration, installation, testing, commissioning and maintenance. Jason Marine also provides certification services and sells satellite airtime services to complement its communications business.

OUR VISION

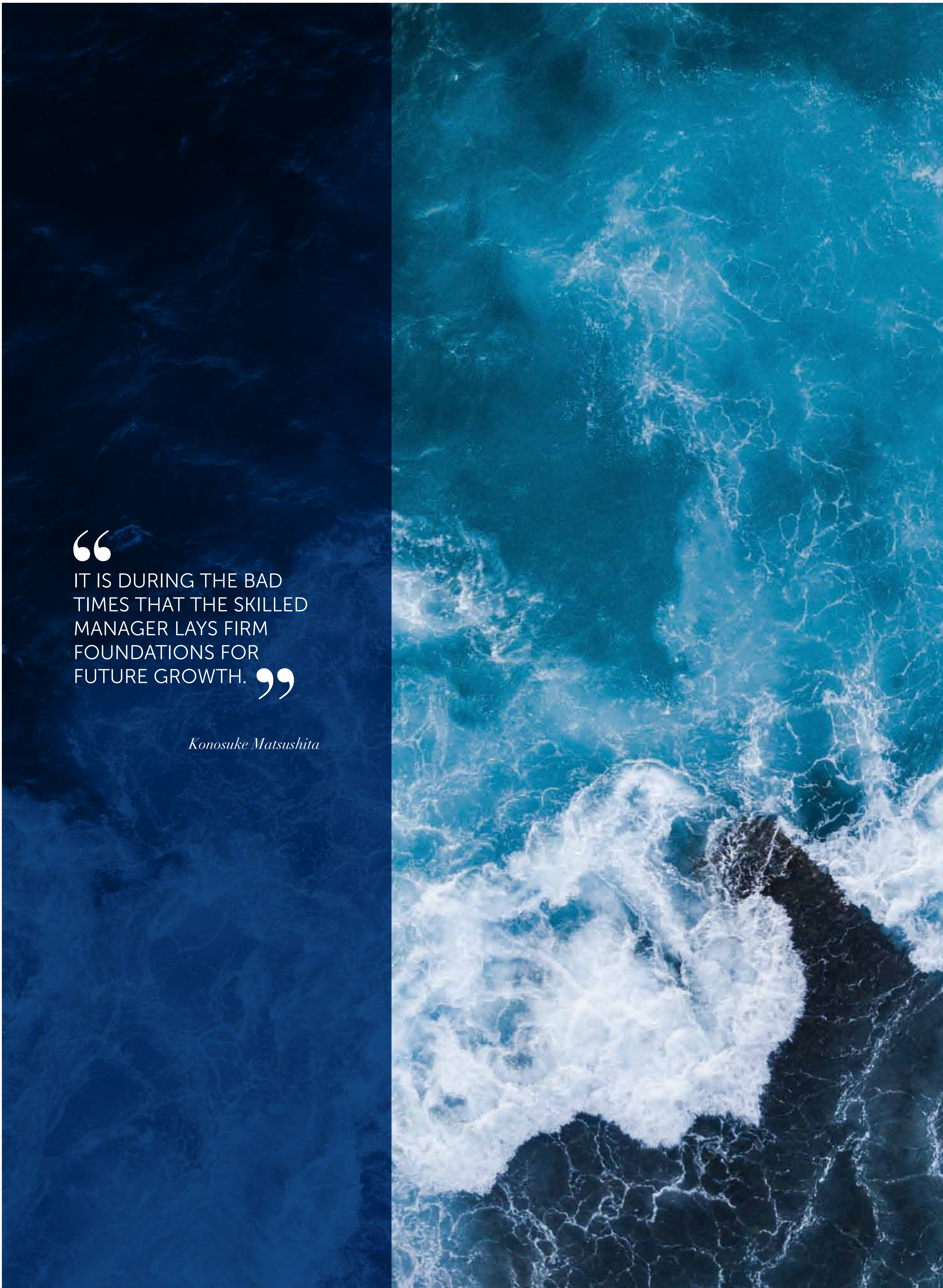
To be a Global World Class Company in Marine Electronics

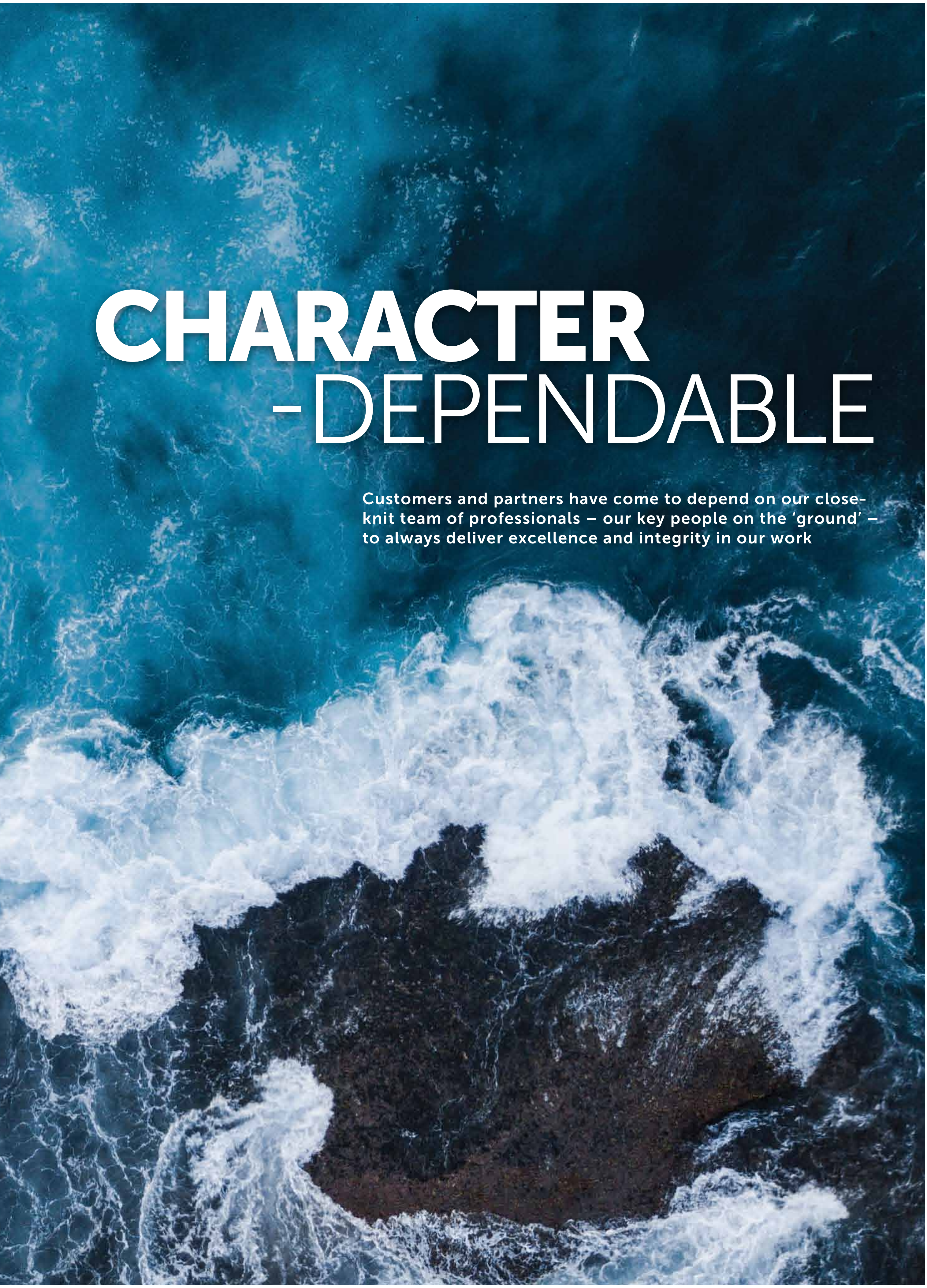
OUR VALUES

Character
Integrity and honesty
Positive attitude
Excellent teamwork

Competence
Excellent quality work
Deliver expected results
Innovation and creativity

Commitment
Passion and drive
Walk the extra mile
Seek opportunities


"IT IS DURING THE BAD TIMES THAT THE SKILLED MANAGER LAYS FIRM FOUNDATIONS FOR FUTURE GROWTH."
Konosuke Matsushita



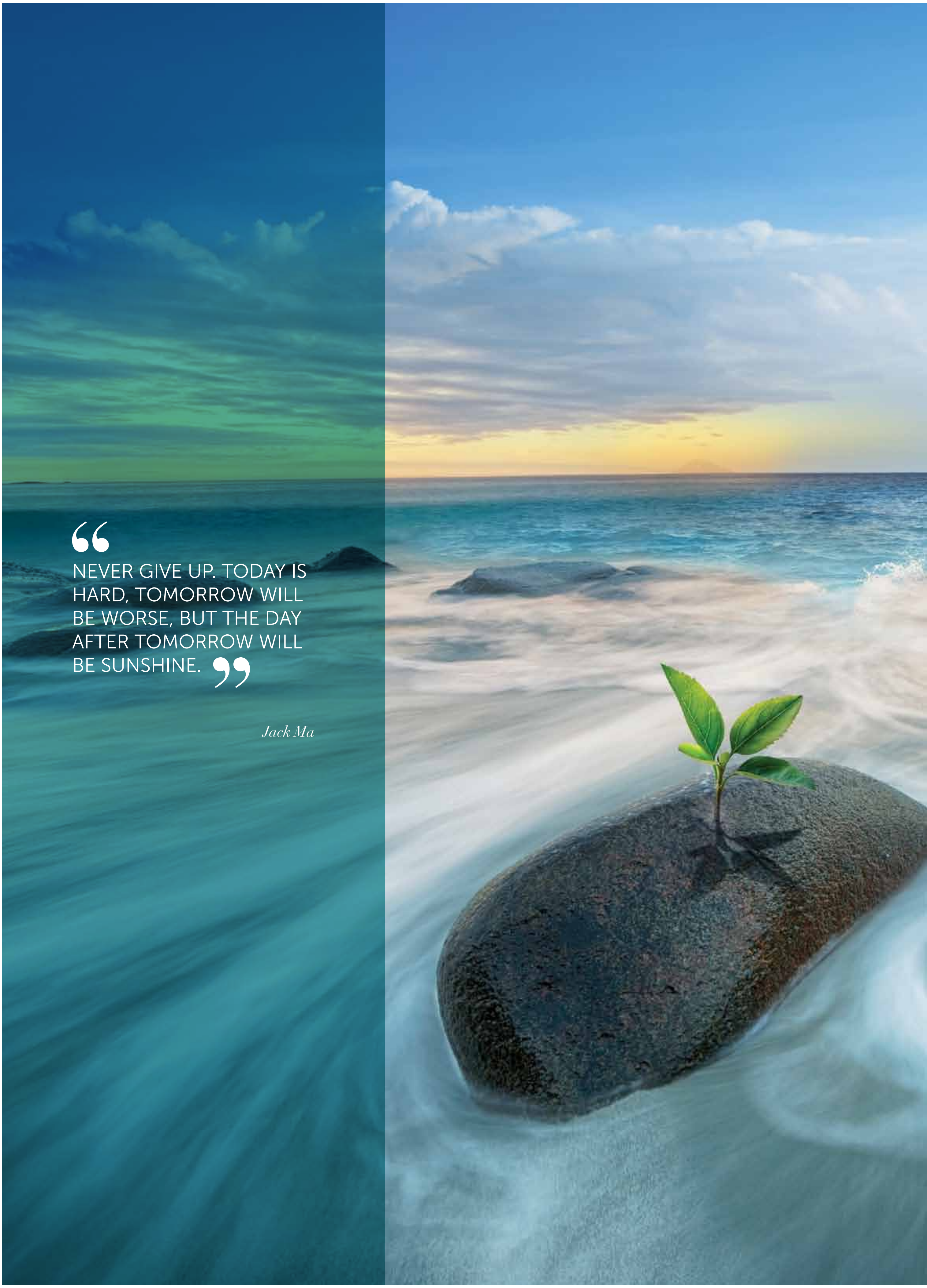
CHARACTER
- DEPENDABLE

Customers and partners have come to depend on our close-knit team of professionals – our key people on the 'ground' – to always deliver excellence and integrity in our work


"ALWAYS THINK OUTSIDE THE BOX AND EMBRACE OPPORTUNITIES THAT APPEAR, WHEREVER THEY MIGHT BE."
Lakshmi Mittal

COMMITMENT -WHOLEHEARTED

We are passionate about what we do and wholehearted in our commitment to serve our clients well and build a sustainable future for the Group and our stakeholders.


“NEVER GIVE UP. TODAY IS HARD, TOMORROW WILL BE WORSE, BUT THE DAY AFTER TOMORROW WILL BE SUNSHINE.”
Jack Ma

COMPETENCY -RELEVANT

We are always adding to our skills and knowledge, developing talent to stay relevant to our clients and the industry without compromising on innovation and creativity in our integrated ICT solutions.

OUR PEOPLE ON THE GROUND

MR THIHA AUNG
Assistant Proposal Manager

We work closely with our sales, engineering and purchasing teammates to get the projects we want to work on. With their input, we draw up the most optimal ICT solution that meets the client's requirements at a 'win-win' price level for the client as well as for Jason Marine.

Accurate costing for the project is very important at this stage because it helps sales to bid well, especially in a very competitive situation.

MR TENG JIN SIANG
Assistant Project Manager

As project manager, we are like the 'brain' or central project coordinator, triggering various actions to ensure that the project remains on schedule. We are assisted by our internal system which keeps the process efficient.

We are also the client's contact point, relaying the client's feedback to our people and taking care of the "after sales service" during the warranty period. We usually do a post-project review with the teams to see where we can improve our productivity and cost effectiveness.

MR CAZAR MARK PAUL VIDAL
Senior Systems Engineer

Our work takes off almost immediately. We generate various technical drawings and documents in line with the client's specifications. Once approved (design freeze stage), May, Patricia and their purchasing teams help us to procure and pay for the necessary equipment.

Our job is to ensure that every piece of equipment is configured properly, assembled correctly and works well as a system, according to the client's specifications and budget. The system has to pass a Factory Acceptance Test before Denis and his team deliver it to the site. After assembly onboard the vessel, our commissioning team does a Site Acceptance Test before the actual handover.

OUR PEOPLE ON THE GROUND

GOOD TEAMWORK IS ABOUT CARING AND WATCHING - FOR OUR CUSTOMERS AND THEIR REQUIREMENTS, AS WELL AS FOR ONE ANOTHER SO THAT THE REPUTATION OF JASON MARINE IS UPHELD. OUR DEDICATED AND FOCUSED TEAMWORK IS KEY TO NOT JUST WINNING A PROJECT, BUT ALSO IN SEEING IT THROUGH ALL THE DETAILS TO MEET AND EVEN SURPASS CUSTOMER SATISFACTION IN COST EFFECTIVENESS, QUALITY AND TIMELY DELIVERY.

A TYPICAL PROJECT TEAM ENGAGES THE EXPERIENCE, SKILLS AND MARKET KNOWLEDGE OF THE BID, PROJECT COORDINATION, PURCHASING, ENGINEERING, LOGISTICS AND FINANCE DEPARTMENTS WHICH WORK SEAMLESSLY TOGETHER LIKE A SELF-SUPPORTING ECOSYSTEM THAT IS THE FOUNDATION OF THE GROUP'S SUSTAINABLE FUTURE.

The Sales team has moved in to bid for a project that the Bid team, after consulting with the Engineering and Purchasing departments, has given the approval to proceed with the bid. Armed with a costing structure for the optimal customised solution for the client, the Sales team successfully clinches the project.

The switch is flipped ON, the gears click and the wheels of a well-organised and ever improving team process is set in motion.

MS MAY LIM
Procurement Manager

During the kick off meeting organised by Jin Siang, we take note of the specific requirements of the project such as certificates and special warranties that we need to procure for certain equipment. We are also involved in negotiating commercial terms, product order lead times and warranties with various suppliers.

There are instances when we need to prepay for equipment or bring in key products early for integration - this is where we turn to Patricia's team to help with the requirements. We are also mindful to grow and maintain a good relationship with all our suppliers, some of which have been with us for as long as 20 years.

MR DENIS TJU
Assistant Logistics Manager

We are the eyes, hands and feet of the process because we deal with all movements of equipment and products from arrival to engineering, delivery and assembly onsite - literally from start to handover.

When the equipment arrives, we do the initial check to make sure that we get exactly what we ordered and report any "mismatches" to May's team - which might even be the colour of products. During the entire project, Jin Siang alerts us when we need to move any equipment. We make sure that every piece that leaves our hands is in good condition, whether it is to Mark's team or onsite to the end client.

MS PATRICIA WONG
Finance Manager

We also work hand in hand with the various teams to better understand the various supplier and client payment as well as the credit terms so that we can plan and actively manage the working capital of each project, to ensure the Group remains cost efficient at all times.

CHAIRMAN'S STATEMENT

Mr Foo Chew Tuck
Executive Chairman and Chief Executive Officer

HOPE IS BEING ABLE TO SEE THAT THERE IS LIGHT DESPITE ALL OF THE DARKNESS.

Desmond Tutu

DEAR VALUED SHAREHOLDERS,

Although the global marine and offshore oil & gas industry is seeing signs of recovery after a prolonged and painful downturn, fresh challenges due to economic and geopolitical factors continue to pose uncertainties in the market.

Since the founding of Singapore in 1819, the local maritime industry has been and remains an important cornerstone of the Republic's growth and development as a key global transport and trading hub. However, the competitive landscape in which we operate is ever evolving and the advent of digitalisation has accelerated several significant changes in the industry in recent years, especially in maritime communications and cyber security.

In order to stay ahead and leverage on future opportunities, Singapore has set its sights to be the global maritime hub for innovation, connectivity and talent, thereby growing the industry's value-add and creating more jobs. Focused effort and investments will see Singapore's port become a global digitalized maritime platform, well-supported by the country's finance, insurance, commodity trading and logistics sectors, and which will depend less and less on its geographic location.

What these mean for Jason Marine is that we will need to stay innovative in the integrated solutions we offer, remain connected to our clients as well as our people on the ground, and continue to develop our skills and know-how.

HOPE

Our past achievements in the face of challenges have served us well to become what we are today – a leading marine electronics systems integrator and support services provider for the marine and offshore oil & gas industries.

Digital transformation will drive the future, shaping the nature of the products and services our clients require to operate profitably and efficiently. To stay relevant, we are constantly reviewing our strategy and business model to grow our earnings and build on our reputation by using our human and financial capital well, adding new key capabilities, as well as working with partners in existing and new markets.

Whatever steps we may need to take, I am certain that our achievements have set us in a good position to test and embrace new technologies, and groom talent for a digital, automated maritime future.

The HOPE I have of a bright future for Jason Marine is girded by our DNA of character, competence and commitment within the Group and evident in our partner and client relationships. Although the future is 'digital', the way we deliver our services will remain personal, yet efficient and cater to our clients' specific needs.

STAYING INNOVATIVE, REMAINING CONNECTED, DEVELOPING TALENT

Jason Marine has been servicing our clients for 43 years and because we are well connected to our

CHAIRMAN'S STATEMENT

customers, understanding their needs and challenges through feedback from our engineers, we have never stopped implementing ideas and practices to strengthen our integrated solutions that help them to be more productive and competitive as well.

Last year, we developed customised and innovative packages combining marine electronics equipment and systems integration with flexible satellite bandwidth to cater to our clients' varied needs for connectivity at sea. We have also invested in upgrading our people's skills and capabilities, because we value their development and their contributions to our clients. I am pleased to report that seven of our engineers recently attained their Cisco Certified Network Associate certification and we have begun to offer Virtual Network Operator services on top of bandwidth subscription. This value-added service has been well received by clients since its soft launch.

In line with our strategy to keep abreast of fast evolving technologies in information and communications and sharpen our capabilities, we enrolled eight service engineers for the Professional Conversion Programme for the Marine Industry, conducted by the Association of Singapore Marine Industries. On the sales front, 12 of our team leaders participated in Enterprise Singapore's ("ESG") SkillsFuture SME Mentors Programme where ESG-accredited mentors were attached to our sales leaders for nine months. Our team leaders have benefitted much from the mentors' vast and varied industry and management experience to become more effective supervisors, thereby enhancing the overall competency of our sales teams.

Concurrent with these initiatives, we are also exploring how we can help clients with their network data security as well as other Information Communication Technology ("ICT") and even non-electronic related needs. These focused steps will enable us to further entrench our presence in existing markets, strengthen client relationships, and create new revenue streams for the Group.

We also plan to expand our reach in the longer term so that we can serve clients better in their international operations. Today, our service centres in China, Indonesia, Singapore and Thailand serve clients adequately.

FY2019 FINANCIAL REVIEW

The global marine and offshore oil & gas industry is still working its way out of the prolonged and severe downturn which began in 2014 and operating conditions remain difficult. Although revenue slipped 8.4% to S$29.0 million in the financial year ended 31 March 2019 (FY2019), Jason Marine was able to hold gross profit steady at S$10.2 million, supported by our continued efforts to improve operational efficiency and cost management. The sustained gross profit for FY2019 was also partly contributed by the progress recognition of one major Singapore based contract from the ICT space under the sale of goods business segment.

The Group reported an improved net profit after tax attributable to shareholders of S$0.2 million in FY2019, largely because the lower other income, the 19.7% rise in distribution costs and higher income tax expense were more than offset by the 74% increase in interest income, 15% decline in general & administrative expenses and lower net of tax share of loss of associates. Also, the impact of the higher allowance for impairment loss on doubtful trade and other receivables and net fair value loss on derivative financial instruments of S$1.7 million were softened by a net foreign exchange gain of S$0.5 million in FY2019.

Excluding the foreign exchange gains and losses, allowance for impairment of other receivables as well as fair value loss on derivative financial instruments in relation to the Group's investment in Sense Infosys Pte. Ltd, net profit would have been S$1.2 million for FY2019 as compared to S$1.7 million for FY2018, representing a decrease of 26.2%.

PROPOSED DIVIDEND

As an appreciation to our loyal shareholders who have stood by us through both thick and thin over the years, the Board has proposed a first and final tax-exempt dividend of 0.5 Singapore cent per share for FY2019. If approved by shareholders at the Annual General Meeting to be held on 30 July 2019, the total payout will be S$525,000.

ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board, I thank all our staff for their dedication to excellence in every aspect of their work, as well as their deep respect and consideration for their colleagues. Your commitment to the Group has enabled us to push ahead despite the industry headwinds. Together, we shall continue to press forward to achieve our goals for the future.

To our shareholders and business partners, thank you for your continued backing and steadfast faith in us. Your confidence in our ability to deliver has and will continue to strengthen our resolve to sharpen our competitive edge and take hold of the new opportunities driven by the digitalisation of the maritime industry.

MR FOO CHEW TUCK
Executive Chairman and Chief Executive Officer

BOARD OF DIRECTORS

From left to right: **Sin Hang Boon, Eileen Tay-Tan Bee Kiew, Foo Chew Tuck, Eugene Wong Hin Sun**

MR FOO CHEW TUCK

Executive Chairman and Chief Executive Officer

Since its inception in 1976, or 43 years ago, Jason Marine's growth and aspirations have been shaped by our founder, Mr Foo Chew Tuck, 68, whose vision for the Group has enabled it to become a leading comprehensive solutions provider of marine electronics systems. As a leader of the management team, he has demanded the highest standards of quality and service throughout the Group, helping it build strong ties with customers and partners alike that have stood the test of time, even in the most challenging of environments.

He has fostered strong bonds within Jason Marine, where his emphasis on character, competence and commitment has nurtured a robust work ethic within the workplace, inspiring the team to aim for excellence and expand its capabilities to ride on emerging industry trends. The people at Jason Marine work hard to create a brighter future for the Company, which in turn makes their welfare a top priority by championing their individual development and working to enrich their lives with knowledge, skills and experience.

He is also a firm believer in giving back to society, devoting his personal time to community services. A veteran in the marine electronics business, Mr Foo is a full member of the Singapore Institute of Directors. He earned his bachelor degree in science at Oklahoma City University in 1988 and a master degree in business administration in 1992. In addition, he has a diploma in marketing from The Chartered Institute of Marketing in the UK in 1987.

BOARD OF DIRECTORS

MR EUGENE WONG HIN SUN
Non-Independent Non-Executive Director

Mr Eugene Wong Hin Sun, 51, is a non-independent, non-executive director of the Group, having been appointed to the board on 15 September 2009. He founded Sirius Venture Capital Pte Ltd, a venture investment company, in September 2002, and has been its managing director since its incorporation. He is currently non-executive chairman of CrimsonLogic Pte Ltd and non-executive vice-chairman of Japan Foods Holding Ltd. He also sits on the board of Enterprise Singapore, Alliance Healthcare Group Limited, Cargo Community Network Pte Ltd and Singapore Cruise Centre Pte Ltd. He is currently serving as a Council member of the Singapore Business Federation.

Mr Wong graduated from the National University of Singapore with a bachelor of business administration (first-class honours) in 1992, and obtained a master of business administration from the Imperial College of Science, Technology and Medicine at the University of London in 1998. In 2011, Mr Wong completed the Owners President Management Program from the Harvard Business School. He has been qualified as a Chartered Financial Analyst (CFA) since 2001 and a Chartered Director (CDir) in 2014. He is a Fellow of the UK Institute of Directors (IoD) and Australia Institute of Company Directors (AICD).

MRS EILEEN TAY- TAN BEE KIEW
Lead Independent Director

Mrs Eileen Tay-Tan Bee Kiew, 66, is the lead independent non-executive director of the Group, having been appointed to the board on 15 September 2009. She has more than 38 years of experience in areas such as accounting, auditing, taxation, public listings, due diligence, mergers and acquisitions, and business advisory. She was a partner at KPMG and served as a director of several companies, both private and publicly listed, in Singapore and Australia. Currently, she is independent director and chairman of SGX-ST Catalist-listed Singapore Kitchen Equipment Limited and an independent director of SGX-ST Mainboard-listed Sunningdale Tech Ltd.

Mrs Tay graduated from the University of Singapore in 1974 with a bachelor of accountancy (honours). She is a fellow member of the Institute of Singapore Chartered Accountants (ICSA), the Chartered Institute of Management Accountants (CIMA) in the UK and CPA Australia, as well as a Licentiate of Trinity College London.

MR SIN HANG BOON
Independent Director

Mr Sin Hang Boon @ Sin Han Bun, 80, is an independent non-executive director of the Group, having been appointed to the board on 15 September 2009. He has more than 40 years of experience in the telecommunications industry. He began his career in 1960 as a trainee engineer with the Singapore Telephone Board (which was eventually reorganised into today's SingTel), under a localisation programme to replace the expatriate officers on loan from the then British Post Office.

During his term of service, he has undertaken executive responsibilities ranging from frontline operation, to engineering planning & support, and business development, including a posting as senior executive to Belgacom S.A. in Belgium for 3 years. He returned to SingTel in 1999 and served as CEO of SingTel International, the company's strategic investment arm, overseeing merger and acquisition projects, until his retirement in 2002. After he retired, he continued to serve on the boards of some of SingTel's overseas joint-venture firms until 2004.

Mr Sin graduated from Nanyang University in 1959 with a bachelor of science in physics. He also obtained a diploma in business administration from the University of Singapore in 1973, and attended the Advanced Management Program at the Harvard Graduate School of Business Administration in 1993.

MANAGEMENT TEAM

From left to right: **Shaun Teo, Foo Chew Tuck, Derrick Chan, Keith Lim**

MR FOO CHEW TUCK

Executive Chairman and Chief Executive Officer

The full profile of Mr Foo Chew Tuck, our Executive Chairman and Chief Executive Officer can be found on page 10 of the Annual Report.

MR DERRICK CHAN

Financial Controller

Mr Chan joined the Group in September 2018 and was appointed to the position of Financial Controller on 26 November 2018. He is responsible for overseeing all accounting and financial matters of the Group.

He has more than 7 years of experience in accounting and finance, and was the Finance Manager of other SGX-ST Catalist listed companies such as Pan Asian Holdings Limited and Healthway Medical Corporation Limited.

Mr Chan graduated from the University of London in 2011 with a Bachelor of Accounting and Finance (First Class Honours) and is a Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants (ISCA).

MANAGEMENT TEAM

MR SHAUN TEO
Head of Energy

Mr Teo joined the Group in July 2000 and was appointed to the position of Head of Energy on 29 April 2019. As the Head of Energy, Mr Teo is responsible for driving the overall business, operations and marketing activities of the Group's Energy Segment globally. Mr Teo also sets the growth strategy and spearheads growth initiatives to expand the Energy Segment's profitability and resources as well as develop new markets. He also oversees recruitment and performance coaching.

Having been with the Group since July 2000, Mr Teo is an industry veteran with two decades of experience in the marine and offshore oil & gas industries.

Mr Teo graduated from the University of Manchester Institute Science and Technology (UMIST) in 2000 with a Bachelor of Engineering (Honours) in Electrical Engineering and Electronics, and earned his Executive Master of Business Administration (EMBA) degree from Nanyang Technological University in 2015. He obtained the Excellence in Leadership award from The Wharton School, University of Pennsylvania in 2014. Mr Teo has also completed the Advanced Management Program from the UC Berkeley – Nanyang, and the "Leading High Impact Teams" course from the Berkeley Executive Coaching Institute in 2014. He is also qualified as a Business Continuity Certified Planner from the Business Continuity Management Institute in 2009.

MR KEITH LIM
Head of Marine

Mr Lim joined the Group in April 2008 and was appointed to the position of Head of Marine on 29 April 2019. As the Head of Marine, Mr Lim is responsible for the overall business operations and marketing activities of the Group's Marine Segment. He is also the country manager for the Group's Jakarta branch office of PT Jason Elektronik.

Starting as an engineer in the production line, Mr Lim moved on to sales in various industries before entering the marine sector more than a decade ago. During this time, Mr Lim helped to develop a number of important partners and a key team of professionals for the Group.

Mr Lim has a Master of Business Administration (MBA) from the University of Hull and is an active member of the Lions Club of Singapore Central (Charity Club).

Mr Lim is a director of Koden Singapore, PT Jason Elektronika and Jason Electronics (Thailand) Co. Ltd.

FINANCIAL & OPERATIONS REVIEW

FY2019 IN REVIEW

The global marine and offshore oil & gas industry is still working its way out of the prolonged and severe downturn which began in 2014 and operating conditions remain difficult. Although the level of enquiries has improved from a year ago, the market remained very competitive but we were able to differentiate ourselves by offering clients innovative customized Information Communication Technology ("ICT") solutions and high service standards.

REVENUE

The Group's revenue from all three segments decreased mainly due to softer demand for goods and services in the marine and offshore oil & gas industry during FY2019. As a result, the Group's revenue decreased by 8.4%, from S$31.6 million in FY2018 to S$29.0 million in FY2019.

EARNINGS

Despite the decrease in revenue, Jason Marine recorded gross profit of S$10.2 million which was comparable to that in FY2018. The Group's overall gross profit margin also rose from 32.3% in FY2018 to 35.1% in FY2019 due to continued efforts in improving its operational efficiency and cost management. The higher gross profit margin for FY2019 was also partly contributed by the progress recognition of one major Singapore based contract from the ICT space under the sale of goods business segment.

There was a marginal decline of S$46,000 in other items of income (including interest income) to S$1.2 million in FY2019 mainly due to lower sundry income, write-back of allowance of impairment loss on doubtful trade receivables and gain on disposal of plant and equipment of S$550,000, partially offset by a foreign exchange gain of S$0.5 million with the strengthening of the US$ against the S$.

The increase in manpower cost for sales, marketing and support staff of S$0.9 million was mainly responsible for the S$0.8 million or 19.7% rise in distribution costs to S$4.9 million. The Group's general and administration expenses, on the other hand, fell by 15.0% from S$4.4 million in FY2018 to S$3.8 million in FY2019 largely on the back of the decrease in remuneration following the retirement of the Group's previous CEO.

The Group's other expenses and impairment loss on financial assets decreased by approximately S$0.1 million or 9.7% from approximately S$1.8 million in FY2018 to approximately S$1.7 million in FY2019. This was mainly due to the absence of net foreign exchange loss of approximately S$0.9 million, partially offset by the increase in allowance for doubtful trade and other receivables of approximately S$0.8 million, arising from the impairment of a loan and other receivables to an associate company, Sense Infosys Pte. Ltd ("SIS"). For FY2019, the Group's other expenses also included the fair value loss of approximately S$0.9 million in relation to the fair value of profit guarantee arising from investment in SIS recognised in FY2018. Please see latest developments regarding SIS below.

Share of loss from associates decreased by S$0.5 million to S$0.4 million in FY2019 mainly because the Group did not recognize the excess losses over its carrying amount of investment in iPromar Pte Ltd and SIS in FY2019. The Group's share of loss from associates of approximately S$0.4 million in FY2019 relates to its share of SIS's losses such that the Group's interest in SIS was reduced to nil.

However, income tax expenses rose S$0.3 million mainly due to the absence of carry forward losses which had been utilised in FY2018.

FINANCIAL & OPERATIONS REVIEW

Therefore, Jason Marine reported a net profit attributable to shareholders of S$191,000 for the year against a marginal net profit of S$45,000 in FY2018. Excluding the foreign exchange gains and losses, allowance for impairment of other receivables as well as fair value loss on derivative financial instruments in relation to the Group's investment in SIS, net profit would have been S$1.2 million for FY2019 as compared to S$1.7 million for FY2018, representing a decrease of 26.2%.

SEGMENT REVENUE AND PROFIT

SALE OF GOODS

The sale of goods is mostly project-based and relates to the design, supply, integration and installation of a comprehensive range of radio and satellite communication, navigation and marine automation systems.

The segment registered 8.7% lower sales of S$20.9 million in FY2019 due to the still soft demand in the marine and offshore oil & gas industry. Segment profit, however, improved from S$2.3 million in FY2018 to S$2.7 million this year mainly due to better gross profit margin which was partly contributed by the progress recognition of one major Singapore based contract from the ICT space, lower allowance for impairment loss of doubtful trade and other receivable as well as depreciation of plant and equipment.

RENDERING OF SERVICES

Jason Marine's broad range of services cover equipment leasing and provision of maintenance and support services including repair works, troubleshooting, commissioning, radio survey and annual performance tests.

Rendering of services revenue decreased by S$120,000 to S$6.2 million in FY2019 as the Group's established reputation and track record sustained the number of client enquiries despite the intensely competitive market. The segment remained profitable at S$0.3 million.

AIRTIME SERVICES

Airtime revenue relates to provision of airtime for satellite communication systems.

As a result of the slow recovery in demand for airtime packages taken up by customers, airtime revenue declined by S$0.5 million to S$2.0 million with a segment loss of $0.3 million in FY2019.

HIGHLIGHTS OF FINANCIAL POSITION AND CASHFLOW

The Group's balance sheet remained relatively healthy with a net cash position of S$14.2 million as at 31 March 2019, helped by its careful cost management efforts. This represents a net cash per share of 13.5 S¢.

As at 31 March 2019, the Group's capital and reserves amounted to S$26.4 million comprising mainly share capital of S$18.0 million, fair value adjustment reserve of S$3.3 million and retained earnings of S$5.4 million, partially offset by treasury shares held of approximately S$0.3 million.

The net asset value per share was 25.2 S¢ as at 31 March 2019 compared with 44.2 S¢ as at 31 March 2018. The decrease was mainly due to the net fair value loss of S$19.7 million, relating to the Group's equity interest of approximately 6% in eMarine Global Inc which is listed on the OTC market in the United States of America, accounted for in the Group's consolidated statement of comprehensive income for FY2019.

FINANCIAL & OPERATIONS REVIEW

OPERATING ACTIVITIES

In FY2019, the Group achieved a net cash inflow from operating activities before working capital changes of S$2.5 million, comparable to FY2018.

This, as well as the prudent management of trade and other receivables largely helped the Group to reduce the level of net cash used in operating activities to S$3.1 million in FY2019 from S$5.1 million in FY2018 despite the increase in inventories.

INVESTING ACTIVITIES

The net cash used in investing activities of S$0.3 million in FY2019 was mainly attributable to the purchase of plant and equipment.

FINANCING ACTIVITIES

Payment of dividend during the current reporting period resulted in the S$0.5 million of net cash used in financing activities in FY2019.

OPERATIONS REVIEW

Training to enhance the capabilities and skills of our people through specialized programmes and in-house practical workshops remained a key focus during the year. One of these initiatives is the Professional Conversion Programme for the Marine Industry which is conducted by the Association of Singapore Marine Industries. Eight of our service engineers are currently undergoing the programme. Another is the participation of 12 of our sales team leaders in the Enterprise Singapore's (ESG) SkillsFuture SME Mentors Programme where they learned from the practical experience and knowledge of ESG-accredited mentors.

The various training programmes and schemes help to sharpen the Group's competitive edge and enable us to better offer our clients innovative and cost effective packages that meet their information and communications technology needs.

OUTLOOK

The Group expects market conditions to remain challenging and its financial performance will continue to be affected by the uncertainties and developments in the marine and offshore oil & gas industry. Soft demand for goods and services, coupled by intense market competition, will continue to exert pressure on margins.

In spite of the challenges, we are determined to move ahead, supported by our growing skillsets, experience and reputation in the industry. The Group will focus on strengthening its existing business and look for opportunities to increase business activities by creating value for customers and leveraging on technology. At the same time, the Group will continue to monitor the current US and China trade tensions which may have a potential impact on the business and actively exercise prudence in managing operational costs. Together with our stakeholders, we will step into the future with Hope of a sustainable future for the Jason Marine Group.

LATEST DEVELOPMENTS

Sense Infosys Pte. Ltd ("SIS"), a 24%-owned associated company held through the Group's wholly owned subsidiary Jason Venture Pte. Ltd. ("JVPL"), has been placed under creditors' voluntary liquidation pursuant to a resolution passed at the extraordinary general meeting of SIS and confirmation by the creditors of SIS at a creditors' meeting, both of which were held on 23 April 2019. This voluntary liquidation of SIS is not expected to have any material impact on the Group's net tangible assets and earnings per share for FY2020.

An allowance for impairment loss of approximately S$851,000 arising from the loan and other receivables to SIS has been provided for in the Group's consolidated financial statement in FY2019. The Group's net investment of S$1.3 million in SIS had also been written down to nil as at 31 March 2019.

CORPORATE STRUCTURE

Notes:
1 1% owned by Jason Asia Pte Ltd and 99% owned by Jason Venture Pte. Ltd.
2 Placed under creditors' voluntary liquidation on 23 April 2019.

OUR GEOGRAPHIC REACH

DIVERSE CLIENTS BUT ONE TEAM

Since 1976, Jason Marine has been putting together and servicing data and communications electronic equipment, customising integrated solutions that make these machines work together in line with our clients' requirements.

We work on merchant ships for the marine sector and exploration & production platforms for the oil & gas sector which operate under very different conditions and have different requirements. The Group thus works through various internal business units but as ONE team.

SKILLED PEOPLE, WIDE NETWORK, TIMELY RESPONSE

Our highly trained people are based in different service centres located in various major ports in East Asia. This allows us to respond quickly to our customers (vessel owners, operators and managers) in this part of the world.

SERVICE CENTRES

SINGAPORE

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Tel : +62-21-640 4400 / 647 17582
Fax : +62-21-647 17612
Email : sales@jason.com.sg

PEOPLE'S REPUBLIC OF CHINA

Jason (Shanghai) Co., Ltd
16H New Shanghai City Building
33 He Nan Road (S)
Shanghai 200002
People's Republic of China
Tel : +86-21-6337 5966 / 67 / 68
Fax : +86-21-6337 5969
Email : chinasales@jason.com.sg

THAILAND

Jason Electronics (Thailand) Co., Ltd
113/6 Soi Latplakhao
24, Kaset-Nawamin Road
Jorakhae-bua, Latphrao
Bangkok 10230
Thailand
Tel : +66-2553 2290 / 91
Fax : +66-2553 2292
Email : sachja@jasonthai.com

CORPORATE INFORMATION

BOARD OF DIRECTORS

Foo Chew Tuck
(Executive Chairman and Chief Executive Officer)

Wong Hin Sun Eugene
(Non-executive Director)

Eileen Tay-Tan Bee Kiew
(Lead Independent Director)

Sin Hang Boon @ Sin Han Bun
(Independent Director)

AUDIT COMMITTEE

Eileen Tay-Tan Bee Kiew
(Chairperson)

Sin Hang Boon @ Sin Han Bun

Wong Hin Sun Eugene

NOMINATING COMMITTEE

Sin Hang Boon @ Sin Han Bun
(Chairman)

Eileen Tay-Tan Bee Kiew

Wong Hin Sun Eugene

REMUNERATION COMMITTEE

Sin Hang Boon @ Sin Han Bun
(Chairman)

Eileen Tay-Tan Bee Kiew

Wong Hin Sun Eugene

COMPANY SECRETARIES

Ong Bee Choo

Pan Mi Keay

REGISTERED OFFICE

194 Pandan Loop
#06-05 Pantech Business Hub
Singapore 128383
Tel : +65-6477 7700
Fax : +65-6872 1800
Website : www.jason.com.sg
Email : jmg@jason.com.sg

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

INDEPENDENT AUDITORS

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
Partner-in-charge: Adrian Lee
(Appointed since financial year ended 31 March 2019)

PRINCIPAL BANKERS

CIMB Bank Berhad, Singapore Branch
Citibank, N.A., Singapore Branch
The Hongkong and Shanghai Banking Corporation Limited, Singapore Office

SPONSOR

CIMB Bank Berhad, Singapore Branch
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

SUSTAINABILITY REPORT

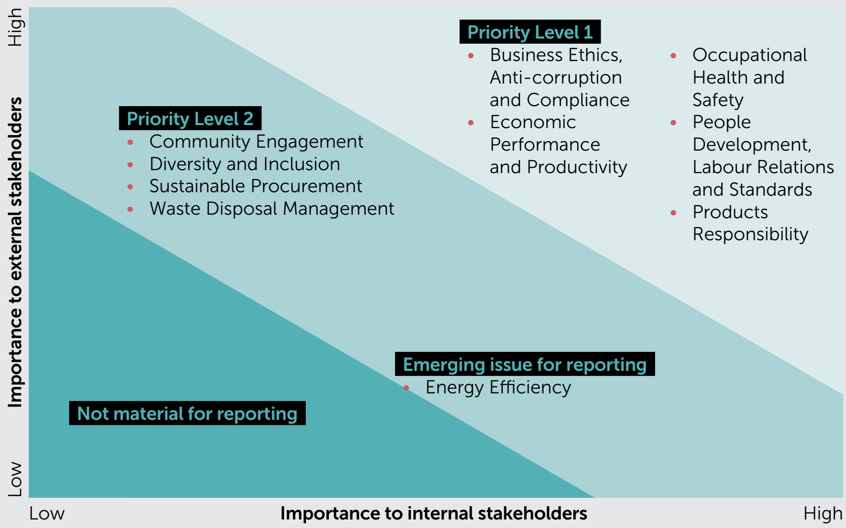
CONTENTS

GROUP 3-YEAR SUSTAINABILITY PERFORMANCE SUMMARY

Jason Marine's Material Issues (Priority Level 1)	Performance Indicator	FY2017	FY2018	FY2019
Business Ethics, Anti-corruption and Compliance	No. of non-compliance with laws and regulations	0	0	0
	No. of reported incidents of corruption	0	0	0
Economic Performance and Productivity	Sales Per Employee in SGD	298,694	255,210	233,887
Occupational Health and Safety*	No. of injuries	1	1	0
	Accident Severity Rate	8.33	14.21	0
	Accident Frequency Rate	4.16	4.74	0
People Development, Labour Relations and Standards	Turnover rate	68.2%*	21.0%	18.5%
	Average training hours per employee	26.9*	25.4	17.2
Product Responsibility	No. of complaints on product safety	0	0	0

* FY2017-2019 Occupational Health and Safety figures and FY2017 People Development figures pertain to Singapore operations only. More than 70% of our operations are based in Singapore.

OUR MATERIAL ISSUES FOR SUSTAINABILITY



FOCUSING ON ISSUES THAT MATTER TO OUR STAKEHOLDERS

The materiality matrix to the right reflects the issues of importance to both our external stakeholders and to internal stakeholders, categorised according to priority level.

In 2016, we conducted a materiality assessment workshop with our Senior Management and representatives from key business units to identify key material issues based on the Global Reporting Initiatives ("GRI") Standards and AA1000AS five-part materiality test. In 2018, to take into consideration their relevance to more stakeholder groups, we engaged key external and internal stakeholders on their views of the material issues that were previously identified. A month-long survey was carried out by an independent consultant, Paia Consulting Pte Ltd. 79 participants from 6 stakeholder groups were invited to rate the level of importance of Jason Marine's previous material issues. We achieved an overall response rate of 71% from our stakeholders, which included customers, bankers, suppliers, employees and Board Directors.

BOARD STATEMENT ON SUSTAINABILITY

The key material environmental, social and governance factors for Jason Marine have been identified and reviewed by the Executive Chairman and the CEO.

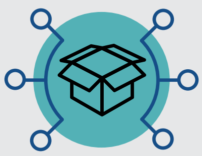
The board of directors of Jason Marine ("Board") oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group's strategic direction and policies. Sustainability is a part of Jason Marine's wider strategy to create long term value for all its stakeholders.

SUSTAINABILITY REPORT

The diagram below shows stages of Jason Marine's Value Chain. Our material issues apply through the value chain. For more information, please refer to **https://www.jason.com.sg/sustainability.**

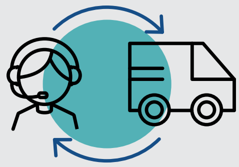
JASON MARINE'S VALUE CHAIN

PROCUREMENT



We procure high-quality materials and parts from reliable suppliers, which are based mainly in Asia. We also procure from Europe, USA, Korea, Denmark, Japan and Norway.

SALES & SERVICING



We assemble procured materials into value-added products that meet customers' exacting requirements. We also provide repair and ICT services in shipyards and onboard vessels in Asia.

REUSE & DISPOSAL

We minimise waste by reusing materials as much as possible, and manage the disposal of waste responsibly.

ABOUT THIS SUSTAINABILITY REPORT

We are pleased to present Jason Marine's third annual Sustainability Report for FY2019. This report has been prepared in accordance with the GRI Standards: Core Option, and is set out on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. Jason Marine has chosen the GRI framework as it is the most established international sustainability reporting standard and in respect of the extent to which such framework is applied, this report has been prepared in accordance with the Core Option.

Jason Marine has been reporting on sustainability issues since our first annual report in 2010 on topics such as Health and Safety, Employee Development, and Community. In 2017, we furthered our efforts by aligning our reporting with GRI.

For each material issue identified, please refer to the relevant section of this annual report for details on the Company's policies, practices and performance for the financial year ended 31 March 2019 as well as targets for the next financial year (including descriptive and quantitative information where relevant) for Priority level 1 issues. For the material issue "Economic Performance and Productivity", please refer to "Financial & Operations Review" p. 16-18 and Community Engagement p. 30. Our internal targets for "Economic Performance and Productivity" are not disclosed due to commercial sensitivity.

The scope of policies and data covered in this report pertains to operations in Singapore (which represents more than 70% of the Group's total revenue), unless otherwise stated. We aim to further expand the scope of the report to our overseas operations in the future.

We aim to seek external assurance in future.

We welcome your feedback at **csr@jason.com.sg.**

SUSTAINABILITY GOVERNANCE

At Jason Marine, we believe that good governance is the key to a sustainable business. Our policies - underpinned by our values: "Character, Competence, Commitment" - provide the framework for managing economic, environmental, social and governance ("ESG") issues.

Mr Foo Chew Tuck, our Executive Chairman and CEO, has been instrumental in leading Jason Marine on our sustainability journey. He works closely with the heads of business units including finance, human resources, health and safety, and procurement, who together make up Jason Marine's Sustainability Committee.

BUSINESS ETHICS, ANTI-CORRUPTION AND COMPLIANCE

CORRUPTION, NON-COMPLIANCE AND VIOLATION OF HUMAN RIGHTS REPRESENT SIGNIFICANT RISKS TO JASON MARINE'S BUSINESS AND REPUTATION.

We take a strong stand against corruptive practices and this value has been communicated during meetings to all our employees, major suppliers and business partners. Any form of corruption is escalated to the Chairman.

During our employment process, we look out for possible conflicts of interest. Our code of conduct details Jason Marine's expectations on employee's conduct, the consequences of violation of conduct, and grievance procedures. It is made available on our intranet for all our Singapore based staff. Business ethics is regularly communicated to the regional heads of the different business units regularly.

Compliance with rules and regulations is also a key part of being a responsible business. We keep ourselves up to date with international and local laws. For example, different ports in different countries have varying levels of security and laws regarding cargo, and controlled equipment to embargoed destinations can be a challenge. We take extra care to comply with such regulations, in addition to those on the environment, anti-competitive behavior, and health and safety.

Operating in the information communications and technology business means that data privacy and cyber-security are important aspects of business ethics and compliance. Jason Marine safeguards against these risks by implementing policies such as the Personal Data Protection Act Policy, which apply to both internal and external stakeholders. The policy applies to our employment and tender process, for example, where data privacy of applicants is respected. Access to personal data is restricted to authorized persons such as manager or Senior Management on a needs basis.

It is Jason Marine's goal to maintain zero incidents of corruption. We review policies on whistle blowing, anti-corruption and business gifts annually.

For FY2019, there were no significant fines or non-monetary sanctions for non-compliance with laws and regulations. There have also been no reported incidents of corruption during the reporting period.

OCCUPATIONAL HEALTH AND SAFETY

Safety Performance[1]	
Accident frequency rate per million man hours	**FY2019: 0**
	FY2018: 4.74
	FY2017: 4.16
Accident severity rate per million man hours	**FY2019: 0**
	FY2018: 14.21
	FY2017: 8.33
Number of Injuries	**FY2019: 0**
	FY2018: 1
	FY2017: 1

1 Safety performance pertains to Singapore operations only. We are working towards expanding our scope.

Health and safety for our workforce is not only a fundamental right for our workers to be able to work in a safe environment, but when our employees' wellness is attained, our productivity increases, and we can provide the best for our customers.

Our Safety and Health Policy which is publicly available on our website, applies to all employees and contractors, and focuses on prevention and compliance. We follow Ministry of Manpower ("MOM")'s Workplace Safety and Health Guidelines to manage safety and health of our employees in shipyards and ships. We conduct safety risk assessments at all levels and across all operating locations.

We have a Safety Committee to oversee the promotion of safety culture and practices in the workplace. Led by a member of our Management, the Committee includes representatives from each functional department. Monthly meetings are held to discuss safety related matters, including reviews of changes in regulatory requirements, outcomes of monthly safety inspection, results from regular risk assessments and the necessary preventive measures. This information is then disseminated by Committee members to their peers during respective department meetings. All our employees are represented by the joint management-worker Safety Committee.

Our operations in Singapore, which represents more than 70% of the Group's operations, have safety management systems in place. The certifications for bizSAFE STAR and OHSAS 18001:2007 have been renewed in 2019.

Health and safety trainings on aspects such as risk assessment, fire safety, and first aid are provided to all staff according to their job requirements. Both workshop-based and field staffs are sent for relevant risk management training sessions throughout the year and are familiarised with the latest safety frameworks. Specific programmes are provided for high-risk site engineers, where they learn how to work safely at heights and in confined spaces. Relevant employees who are nominated as First-Aiders will be given CPR+AED training. In addition, we conduct health talks and activities for all our employees regularly.

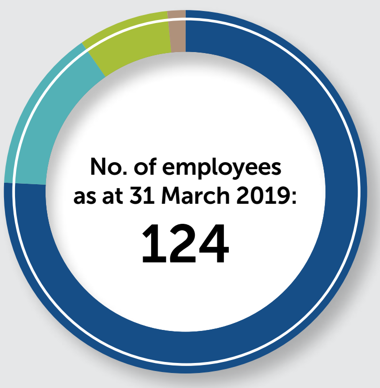
One significant hazard that our field service engineers at shipyard or on-board vessels may be exposed to is high noise level. To prevent Noise-Induced Deafness ("NID"), all engineers are required to use appropriate personal protection equipment at work. All our new engineers are required to go through audiometric tests, which are followed-up annually to monitor hearing and detect any symptoms of NID.

In the event of a workplace accident, incident investigations will be conducted to determine the root cause and the risk assessment will be updated to prevent future recurrence. Results of the investigation and the revised risk assessment will be disseminated to all field staff to share the important lessons learnt from the incident.

We are pleased to report we had no injuries in our Singapore operations during the reporting period. In comparison, 2018 national averages for Accident Frequency Rate and Accident Severity Rate for the marine industry was 1.5 and 171 respectively[2]. We will not be complacent and will continue to stress the importance of workplace safety and aim for an injury free work year. We also aim to report on safety performance of operations outside of Singapore in the next report.

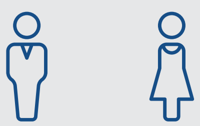
PEOPLE DEVELOPMENT, LABOUR RELATIONS AND STANDARD

GLOBAL EMPLOYEE PROFILE



Singapore	76%
China	14%
Indonesia	8%
Malaysia	2%

EMPLOYEE GENDER DIVERSITY



Male	Female
65%	35%

At Jason Marine, we want to be the preferred employer of our people. We endorse the values of non-discrimination and diversity, and uphold principles on human rights and good labour practices.

Jason Marine has been a signatory of the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP") for more than 7 years. We endorse TAFEP's guidelines to implement fair and merit-based employment practices.

Jason Marine was conferred a Human Capital Partner ("HCPartner") status by TAFEP in September 2017.

While our employees are not covered by collective bargaining agreements, they are given the right to exercise freedom of association. Employees are given a minimum of one month's notice prior to any implementation of significant operational changes that could substantially affect them.

Our global workforce maintained at 124 employees as at 31 March 2019. All our employees hold permanent contracts and work full-time. We seldom rely on workers who are not employees.

Data on new hires and turnover, as well as training hours, with considerations for diversity such as gender and age are reviewed by our Management regularly. In FY2019, our Group total turnover rate was 18.5%. Total turnover rate for our Singapore operations was 18.1%, compared to national resignation rate in 2017 of 21.6%[3].

2 Source: Workplace Safety and Health Report 2018, Ministry of Manpower Singapore
3 Source: Labour Market Survey, Manpower Research & Statistics Department, Ministry of Manpower. 2018 figure was not available at time of report preparation.

SUSTAINABILITY REPORT

In view of Jason Marine's aging workforce, we look to attract the younger generation by reaching out to polytechnics with internship programmes, sponsorships, and providing more career advancement opportunities. We also make working at Jason Marine more attractive by increasing employee well-being with the adoption of family friendly and quality work-life policies.

Jason Marine adheres to the TAFEP guidelines on re-employment of older employees. Although the current statutory retirement age is 62, eligible employees will be offered a re-employment contract on a yearly renewable basis, up to age 65 and up to age 67.

The Jason Marine Group employee engagement survey is conducted periodically, about once every 2 to 3 years, to determine the level of employee satisfaction and to gather feedback. The most recent survey was conducted in 2018. Employees' inputs are considered in the formulation of human resource practices and programmes such as Corporate Social Responsibility ("CSR") or Workplace Health Promotion ("WHP") activities.

PEOPLE DEVELOPMENT

At Jason Marine, we believe that our people play a vital role for our success, and it is our mission that they are developed to their fullest. Talent attraction and development are thus crucial for Jason Marine, and we have policies and processes in place to ensure that our employees receive sufficient training and that their personal development goals are met. In FY2019, overall average training hours for our employees is 17.2.

Our engineers are required to attend training at least twice a year, including refresher courses, training on new products and updates on system changes. Our sales support, finance, procurement and human resource departments do not have fixed training requirements but undergo training as and when there are regulation updates or relevant courses. Due to the nature of our business, most of our employees are engineers, and most of our engineers are male. As a result, male employees clock a higher average number of training hours than females.

We have two key initiatives to enhance our employees' capabilities: the Skillsfuture SME Mentors Programme (Enterprise Singapore) to enhance mentoring competency of our sales teams through structured training and coaching, and the Marine Professional Conversion Programme (ASMI) which reskills and upskills our engineers on IT capability. In FY2019, 7 of our engineers completed the programme and were Cisco Certified Network Associate accredited. As most of the ASMI training was conducted in the fourth quarter of FY2018, training hours per employee was greater last year compared to this year.

GROUP NEW HIRES AND TURNOVER IN FY2019 BY GENDER, AGE GROUP AND REGION

	By Gender		
	Male	Female	Total
Rate of new hire	12.1%	5.6%	17.7%
Rate of turnover (total)	7.3%	11.3%	18.5%
Rate of turnover (voluntary)	5.6%	8.1%	13.7%

	By Age Group			
	< 30 years	30-50 years	>50 years	Total
Rate of new hire	4.8%	12.1%	0.8%	17.7%
Rate of turnover (total)	4.0%	13.7%	0.8%	18.5%
Rate of turnover (voluntary)	2.4%	10.5%	0.8%	13.7%

	By Region			
	Singapore	China	Indonesia	Malaysia
Rate of new hire	19.1%	0%	20.0%	100.0%
Rate of turnover (total)	18.1%	27.8%	10.0%	N.A.
Rate of turnover (voluntary)	14.9%	11.1%	10.0%	N.A.

The evaluation of an employee's performance against their targets aids personal development. To this end, we ensure that all our employees receive regular performance reviews at least once a year under our Performance Management and Appraisal Policy.

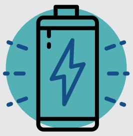
We aim to evaluate the effectiveness of our training programs and ensure that our staff's training needs are met.

GROUP-LEVEL AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE

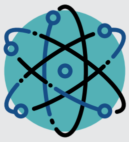
	Group Average	By Gender		By Employee Category		
		Male	Female	Executives	Non-Executive	Senior Management
FY2019	**17.2**	**24.8**	**3.4**	**18.8**	**15.2**	**41.7**
FY2018	25.4	36.5	5.2	29.5	24.7	29.9

SUSTAINABILITY REPORT

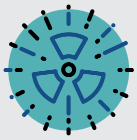
PRODUCT RESPONSIBILITY



Lithium Batteries power many of the electronic equipment and systems we supply. However, because they can overheat and combust easily, they are risky to transport and are classified as dangerous goods by the United Nations. To manage this risk, we use tested lithium batteries from original manufacturers or their approved sources that meet regulatory requirements, and engage qualified companies to dispose of the batteries responsibly.



Asbestos is a material that may be used in the manufacture of electronic devices. Heavy exposure to asbestos can result in lung disease and cancer. We ensure that all of our equipment are asbestos-free or fulfill regulatory standards on asbestos, to safeguard or customers from asbestos-related health issues.



Radiation from radio devices can reach unsafe levels, if radiation power density is not controlled. We ensure that our communication technologies are designed and deployed in ways that minimize operators' exposure to radiation – both during the installation process and also during the use of the platforms on board the ships.

Jason Marine's solutions enable our customers to have safe operations onboard. We provide navigational, communication, search and rescue solutions and pride ourselves in on-time maintenance of our customers' equipment before their vessels leave the port. We also ensure that we supply our customers with products that are safe.

To manage product safety, we have identified potential impacts that may arise from the use of our equipment and systems, and have put in place measures to prevent any negative effects.

We review manufacturers' test reports to ensure that products are compliant to the relevant standards including Restriction of Hazardous Substances ("RoHS"), Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"), EN60945 for Maritime Navigation And Radiocommunication Equipment And Systems, and the International Electrotechnical Commission.

Our engineers are trained by the equipment manufacturer on safe handling of the equipment. End-user training is also provided to customers according to the manufacturer's operation manual to ensure safe operations.

We comply with the Shipper's Declaration for Dangerous Goods set out by the International Air Transport Association. There have been no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of our products and services, and zero complaints regarding the safety of our products.

We target to maintain zero complaints on product safety.

Product Responsibility Performance Indicator	FY2017	FY2018	FY2019
No. of customer complaints on product safety or environmental performance	0	0	0

COMMUNITY ENGAGEMENT

At Jason Marine, it is our goal to be our society's preferred corporate citizen. The nature of our operations means our main contact with society is the maritime community at the shipyards and vessels where we operate. Through our stringent safety standards and responsible use of products as discussed in previous chapters, we ensure that any negative impacts on the maritime community are minimal.

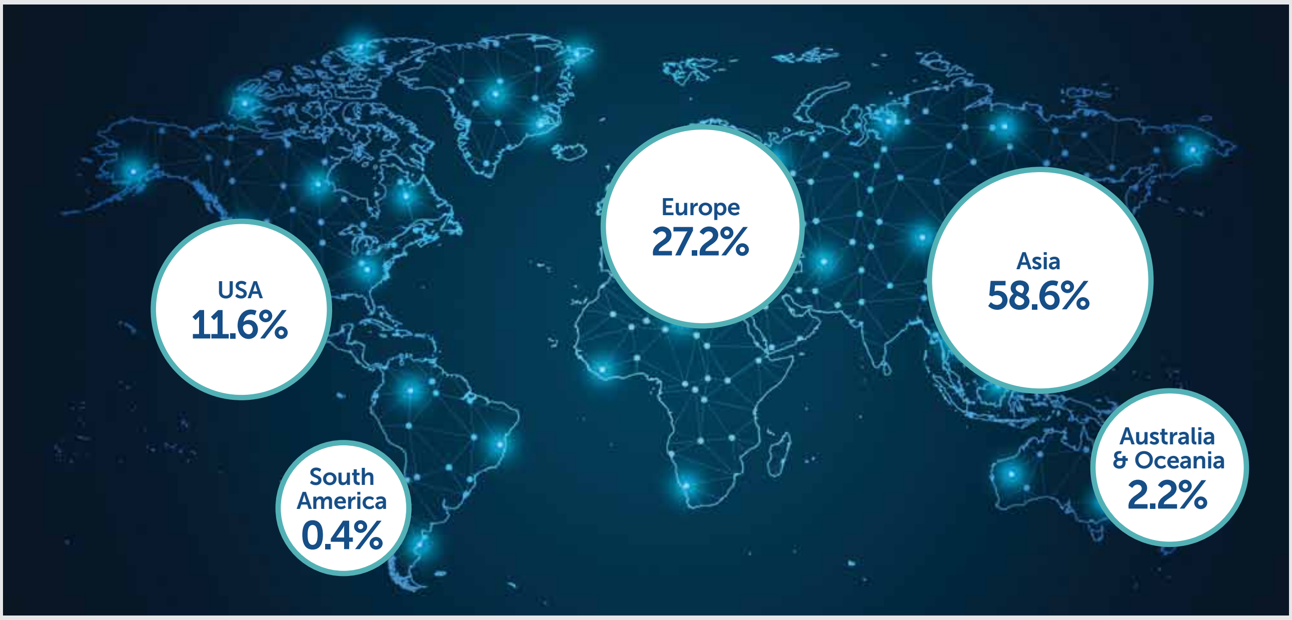
We also aim to positively impact local communities beyond the maritime community, and we have been doing so through community development and engagement programmes. We have remained committed to meeting local communities' needs and enabling vulnerable groups of the society. Since 2012, all of Jason Marine's operations in Singapore have implemented local community development programmes by joining the Adopt-a-Precinct ("AAP") scheme of South West Community Development Council. Every year, we have been contributing to our adopted precinct, the Telok Blangah community, in different ways. This year, we sponsored 50 book vouchers amounting to $3,000 for low income children through the Telok Blangah Residents' Committee's Edu Aid event in December 2018.

In addition, our Management and staff raised funds to help our colleagues whose families were affected during the floods in Kerala India in August 2018.

SUSTAINABILITY REPORT

SUSTAINABLE PROCUREMENT

DEMOGRAHIC DISTRIBUTION OF PRODUCTS AND SERVICES PROCURED



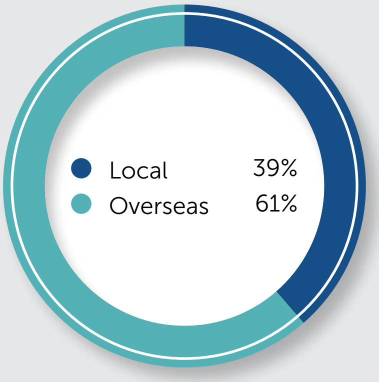
We procure from regional partners who provide us with high quality equipment, systems and solutions, in order to achieve the highest quality in our products and services. In line with our material issues of Business Ethics, Product Responsibility and Occupational Health and Safety, it is important to us to procure from suppliers with sound social and environmental practices. In the manufacturing stage, human rights issues and forced or child labour practices have potential negative impacts, together with the use of contentious materials such as rare earth metals in the production of the equipment. Jason Marine can indirectly influence our supply chain positively, through our supplier selection process. Extending our environmental values to our supply chain, having ISO14001 certification is one of the consideration factors when selecting suppliers.

Our sourcing activities can also have a positive influence on the local economy. We engage local suppliers whenever possible, but due to specific legal and technical requirements for our products, a large proportion of our systems and equipment are sourced from Europe and the USA. 38.6% of our products and services were purchased locally (i.e. from Singapore).

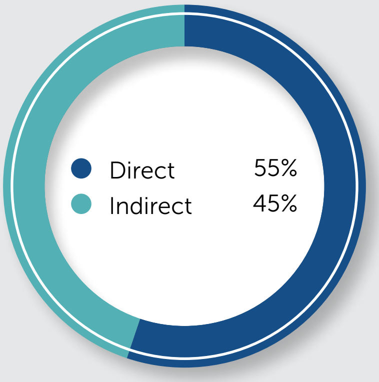
All key suppliers are to comply with Jason Marine's business ethics and anti-bribery clauses included in all supplier agreements. We have clear documentation procedures for our vendor pre-qualification process and also conduct continuous evaluation of our vendors' performance.

Read more about our latest partners at **https://www.jason.com.sg/partners.**

PERCENTAGE OF PRODUCTS AND SERVICES PURCHASED LOCALLY OR OVERSEAS



PERCENTAGE OF PRODUCTS AND SERVICES ACQUIRED DIRECTLY (FROM MAKERS) OR INDIRECTLY (FROM AUTHORISED DEALERS)



SAFEGUARDING THE ENVIRONMENT

Responsible business is also about being ethical in the way we treat the environment. It is expected of companies to safeguard natural resources for future generations. Jason Marine supports the precautionary principle, and aims to avoid negative impacts on the natural environment where feasible.

Jason Marine aims to incorporate environmental conservation measures at all stages of our production and operations right from the design stage, improve energy efficiency of our products, and minimise waste.

We comply with international guidelines on pollution and ballast water management. We do not use any hazardous chemical or materials in our operations. Minimal waste is generated during offshore assignments and any waste generated, including equipment at their end of life, are treated and disposed of appropriately onshore. Electronic wastes are sent for recycling.

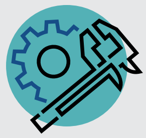
Reduction of material inputs and waste also reduce operational costs. For example, we reuse discarded paper boxes as our packaging material, hence saving costs on packaging. We have gone electronic with most of our billing processes and customers' statements to reduce paper consumption and cost.

Due to the mobile nature of our operations, we expect that a significant portion of our energy and greenhouse gas emissions are consumed and generated during transport of equipment and during business travel. To mitigate environmental impacts and reduce costs of transportation, we have several measures. Sea freight is our preferred choice for transportation of goods. We minimise travelling by consolidating shipment of goods and Return-To-Vendor ("RTV") items and ensuring effectiveness of each travel assignment. As much as possible, video conferences instead of face to face meetings are conducted.

Even though the environmental impact of our office activities is relatively immaterial, we believe it is important to instill values of environmental stewardship in our people. Recycling bins for paper, stationery and computers are provided at various locations in the office to encourage our staff to reuse and recycle materials wherever feasible. We also stress the importance of proper disposal of office equipment, especially with items such as laptops and printer cartridges, to reduce negative impacts of electronic waste. Other efforts include monthly cross-departmental inspections. By regularly engaging our staff on environmental issues, we hope to be environmentally conscious in whatever we do. In December 2018, we successfully passed the certification audit for Eco-Office by the Singapore Environmental Council.

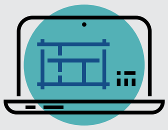
We continue to re-examine our business processes and seek innovative new ways to improve efficiency of our operations while reducing environmental impacts.

Jason Marine's business model and solutions empower our customers to reduce waste and energy use while optimising efficiency. They include:



MAINTENANCE SERVICES FOR ELECTRONIC EQUIPMENT ONBOARD

Jason Marine is committed to taking care of our customers' total equipment lifecycle. Our comprehensive warranty coverage on our systems includes repairs and replacements of faulty parts. By prolonging product lifespans, we enable our customers to use resources more efficiently and reduce waste.



SHIP HEALTH MONITORING SOFTWARE

A real-time, on-board diagnostic and prognostic technology that provides early warning alerts when equipment problems start to occur, avoiding expensive repairs and failures. Beyond its maintenance benefits, our ship health monitoring software will also help keep operating expenses for energy consumption to a minimum by ensuring that your equipment is operating at top health and efficiency.

Region: Singapore	FY2017	FY2018	FY2019
Electricity consumption (kWh)	210,330	232,612	194,665

SUSTAINABILITY REPORT

GRI Content Index

GRI Standard	Disclosure Number	Disclosure Title	Page References
GRI 101: Foundation 2016			
General Disclosures			
	102-1	Name of the organization	Cover page
	102-2	Activities, brands, products, and services	1, 15
	102-3	Location of headquarters	1
	102-4	Location of operations	18-19
	102-5	Ownership and legal form	1
	102-6	Markets served	18
	102-7	Scale of the organization	14-16, 25
	102-8	Information on employees and other workers	25 Data on employees and other workers is compiled by our HR department.
	102-9	Supply chain	23, 29
	102-10	Significant changes to the organization and its supply chain	15-16
	102-11	Precautionary Principle or approach	30
	102-12	External initiatives	25
	102-13	Membership of associations	https://www.jason.com.sg/sustainability
	102-14	Statement from senior decision-maker	8-9
	102-16	Values, principles, standards, and norms of behavior	2-5
GRI 102: General Disclosures 2016	102-18	Governance structure	10-13, 20
	102-40	List of stakeholder groups	https://www.jason.com.sg/sustainability
	102-41	Collective bargaining agreements	25
	102-42	Identifying and selecting stakeholders	https://www.jason.com.sg/sustainability
	102-43	Approach to stakeholder engagement	https://www.jason.com.sg/sustainability
	102-44	Key topics and concerns raised	https://www.jason.com.sg/sustainability
	102-45	Entities included in the consolidated financial statements	17, 23
	102-46	Defining report content and topic Boundaries	22-23
	102-47	List of material topics	22
	102-48	Restatements of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	23
	102-51	Date of most recent report	10 July 2019
	102-52	Reporting cycle	23
	102-53	Contact point for questions regarding the report	23
	102-54	Claims of reporting in accordance with the GRI Standards	23

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GRI Standard	Disclosure Number	Disclosure Title	Page References
GRI 102: General Disclosures 2016	102-55	GRI content index	31-36
	102-56	External assurance	23
Material Topics			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	28, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	6-9, 14-16, 28
	103-3	Evaluation of the management approach	Corporate Governance and Financial Report 15-17
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	30, Corporate Governance and Financial Report 38, 80-84, Economic value retained in FY2019 is S$677,000
Procurement Practices			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	29
	103-3	Evaluation of the management approach	29
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	29 Local suppliers are suppliers based in the same country where our operations are. All countries in which Jason Marine has operations in are considered significant.
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	24
	103-3	Evaluation of the management approach	24
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	24
	205-2	Communication and training about anti-corruption policies and procedures	24 Anti-corruption policies and procedures have been communicated to governance body members, employees and contractors in Singapore.
	205-3	Confirmed incidents of corruption and actions taken	24
Anti-competitive Behaviour			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	24
	103-3	Evaluation of the management approach	24
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	There have been no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number	Disclosure Title	Page References
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	24
	103-3	Evaluation of the management approach	24
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	24
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	25-26
	103-3	Evaluation of the management approach	25-26
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	26 There were 22 new hires and 23 employees who left the company in FY2019.
Labour/ Management Relations			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	25-26
	103-3	Evaluation of the management approach	25
GRI 402: Labour/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	25
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	24, 25
	103-3	Evaluation of the management approach	24, 25
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management–worker health and safety committees	24
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	24, 25
	403-3	Workers with high incidence or high risk of diseases related to their occupation	25

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number	Disclosure Title	Page References
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	26
	103-3	Evaluation of the management approach	26
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	26
	404-2	Programs for upgrading employee skills and transition assistance programs	26
	404-3	Percentage of employees receiving regular performance and career development reviews	26
Non-discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	25, 26
	103-3	Evaluation of the management approach	25, 26
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There have been no reported incidents of discrimination during the reporting period.
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	28, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	28
	103-3	Evaluation of the management approach	We plan to evaluate our management approach in the years to come
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	28
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	27, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	27
	103-3	Evaluation of the management approach	27
GRI 416: Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	27
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24, https://www.jason.com.sg/sustainability
	103-2	The management approach and its components	24
	103-3	Evaluation of the management approach	24
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	24

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JASON MARINE GROUP LIMITED

HOPE

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COPORATE GOVERNANCE AND
FINANCIAL REPORT 2019

The HOPE of new life in a seedling drives its determination to thrive no matter what the environment. So in spite of the ever changing tide, the seedling slowly but surely reaches its roots down into the ground, and grows.

This holds true for Jason Marine Group, where the unwavering faith in our people, Information Communication Technology ("**ICT**") capabilities, and longstanding reputation for excellence give us HOPE that we shall rise above our present challenges, ready to seize new opportunities that may arise. We have set our hearts forward, courageously and patiently taking small and steady steps, not just to do more of what we already offer, but to also add new services, capabilities, business partners and customers. Our growth will further entrench our presence in existing markets, expand our global reach and create new revenue streams to drive a sustainable future for the Group.

CONTENTS

CORPORATE PROFILE

Jason Marine Group Limited ("**Jason Marine**" or the "**Company**") is a leading marine electronics systems integrator and support services provider for the marine and offshore oil & gas industries. The Company and its subsidiaries (the "**Group**") have established a track record of delivering quality results safely and efficiently which has enabled it to become one of the industry's key players in Singapore and forging lasting relationships with a global customer base.

Established in 1976 with its headquarters in Singapore, Jason Marine has since expanded to Indonesia, Malaysia, Thailand and China. It carries an extensive range of supplies from renowned manufacturers and continues to add products chosen to meet customers' exacting requirements.

The Group's proven expertise in marine communication, navigation and automation systems enables it to offer one-stop solutions that span design, supply, integration, installation, testing, commissioning and maintenance. Jason Marine also provides certification services and sells satellite airtime services to complement its communications business.

OUR VISION

To be a Global World Class Company in Marine Electronics

OUR VALUES

Character
Integrity and honesty
Positive attitude
Excellent teamwork

Competence
Excellent quality work
Deliver expected results
Innovation and creativity

Commitment
Passion and drive
Walk the extra mile
Seek opportunities

FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS	FY2019 (S$'000)	FY2018 (S$'000)	FY2017 (S$'000)	FY2016 (S$'000)	FY2015 (S$'000)
Revenue	29,002	31,646	33,155	37,169	56,421
Gross profit	10,178	10,218	9,992	7,088	14,729
Profit/(Loss) before income tax	612	192	516	(5,960)	4,361
Profit/(Loss) attributable to owners of the parent	191	45	237	(5,996)	3,890
Earnings/(Loss) per share (cents)*	0.18	0.04	0.23	(5.70)	3.70

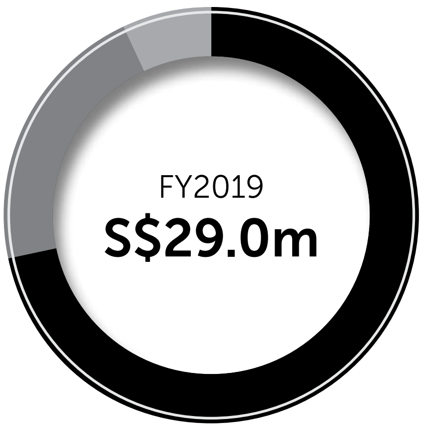
* For comparative purpose, earnings/(loss) per share of the Group for the financial years shown were computed based on the weighted average number of ordinary shares in issue (excluding treasury shares) of 105,000,000 for FY2019.

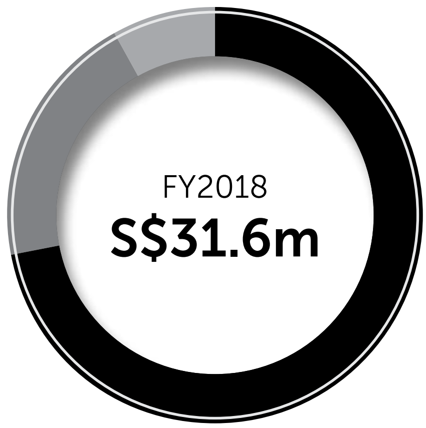
FINANCIAL POSITION	As at 31 March				
	2019 (S$'000)	2018 (S$'000)	2017 (S$'000)	2016 (S$'000)	2015 (S$'000)
Non-current assets	4,742	25,221	3,315	2,173	3,142
Current assets	31,203	34,128	35,562	37,596	42,528
Current liabilities	9,484	12,846	15,318	16,526	15,952
Non-current liabilities	3	51	50	50	105
Equity	26,458	46,452	23,509	23,193	29,613
Net asset value per share (cents)#	25.20	44.24	22.39	22.09	28.20

For comparative purpose, net asset value per share of the Group for the financial years shown were computed based on 105,000,000 ordinary shares (excluding treasury shares) in issue as at 31 March 2019.

SEGMENT REVENUE

REVENUE BY BUSINESS SEGMENT

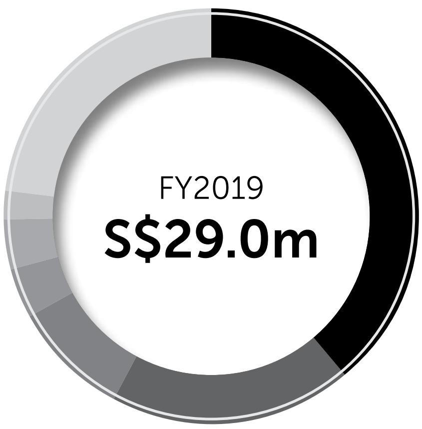




FY2019	(S$'000)	(%)
● Sale of goods	20,860	71.9%
● Rendering of services	6,151	21.2%
● Airtime revenue	1,991	6.9%
Total:	**29,002**	**100.0%**

FY2018	(S$'000)	(%)
● Sale of goods	22,860	72.2%
● Rendering of services	6,271	19.8%
● Airtime revenue	2,515	8.0%
Total:	**31,646**	**100.0%**

REVENUE BY GEOGRAPHICAL SEGMENT



FY2019	S$'000	%
● Singapore	11,327	39.1%
● People's Republic of China	5,506	19.0%
● Indonesia	2,648	9.1%
● Germany	1,127	3.9%
● Malaysia	1,060	3.7%
● Denmark	690	2.3%
Others	6,644	22.9%
Total:	**29,002**	**100.0%**

FY2018	S$'000	%
● Singapore	14,126	44.6%
● People's Republic of China	6,341	20.0%
● Indonesia	3,698	11.7%
● Germany	1,020	3.2%
● Malaysia	1,194	3.8%
● Denmark	594	1.9%
Others	4,673	14.8%
Total:	**31,646**	**100.0%**

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**") and the management of Jason Marine Group Limited (the "**Company**") are committed to good standards of corporate governance which are essential to the stability and sustainability of the performance of the Company and its subsidiaries (the "**Group**"), protection of the interests of the Company's shareholders ("**Shareholders**") and maximisation of long-term shareholder value.

This report describes the Company's corporate governance practices with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**") issued on 2 May 2012. For the financial year ended 31 March 2019 ("**FY2019**"), the Company has generally adhered to the guidelines of the Code and deviations from any guideline of the Code are explained in this report.

On 6 August 2018, the revised Code of Corporate Governance (the "**2018 Code**") was issued with the aim to enhance the quality of the Board by strengthening the Board's independence and diversity and encouraging better engagement between the companies and all the stakeholders. The 2018 Code, together with associated changes to the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), is effective for financial years commencing from 1 January 2019, except for specified requirements that will take effect in 2022. Accordingly, the 2018 Code will take effect for the Company in respect of its annual report relating to the financial year beginning on 1 April 2019 and ending on 31 March 2020.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The primary function of the Board is to protect Shareholders' interests and enhance long-term shareholder value and returns.

Besides carrying out its statutory responsibilities, the Board's other roles are to:

(i) provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(ii) establish a framework of prudent and effective controls which enables the identification, assessment and management of risks, including safeguarding of Shareholders' interests and the Group's assets;

(iii) review management performance;

(iv) identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;

(v) set the Group's values and standards (including ethical standards), and ensure that obligations to Shareholders and other stakeholders are understood and met;

(vi) consider sustainability issues, for example, environmental and social factors, as part of its strategic formulation; and

(vii) provide oversight in the proper conduct of the Group's business and assume responsibility for corporate governance.

The directors of the Company (the "**Directors**") are of the view that they have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company.

To assist the Board in the execution of its responsibilities, various Board committees, namely, the Audit and Risk Committee ("**ARC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"), have been established and delegated with certain functions. The ARC is headed by the Lead Independent Director and the Nominating and Remuneration Committees are headed by an Independent Director. The chairperson of the respective committees will report to the Board on the outcome of the committee meetings and their recommendations on the specific agendas mandated to the committees by the Board. Further details of the scope and functions of the various committees are provided under the sections on Principles 4, 5, 7, 8 and 12 of this report.

CORPORATE GOVERNANCE REPORT

The Board meets at least twice a year prior to the announcement of the Group's half-yearly results and as warranted by circumstances. Ad-hoc meetings are convened as and when deemed necessary.

The Company's Constitution provide for Board meetings by means of conference telephone, video-conferencing, audio-visual or other electronic means of communication.

The attendance of the Directors at meetings of the Board and the Board committees during FY2019 is tabulated below:

	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Total number of meetings held	**3**	**3**	**1**	**1**
Number of meetings attended by respective directors				
Executive Director and Chief Executive Officer				
Mr Foo Chew Tuck[(1)]	3	N/A	N/A	N/A
Non-Independent Non-Executive Director				
Mr Wong Hin Sun, Eugene	3	3	1	1
Independent Directors				
Mr Sin Hang Boon	3	3	1	1
Mrs Eileen Tay-Tan Bee Kiew	3	3	1	1

(1) Mr Foo Chew Tuck was re-designated as the Executive Chairman and Chief Executive Officer of the Company with effect from 1 April 2018.
N/A denotes "not applicable"

Material matters which specifically require the Board's decision or approval include the following corporate matters:

(i) annual budgets;

(ii) half-year and full-year results announcements and the release thereof;

(iii) annual reports and accounts for presentation at annual general meetings ("**AGMs**");

(iv) annual corporate strategies;

(v) new commitments to loans and lines of credit from banks and financial institutions;

(vi) major increase or decrease in a subsidiary company's capital;

(vii) issuance of shares;

(viii) investment and divestment, or entry into new businesses;

(ix) convening of Shareholders' meetings;

(x) declaration of interim dividends and proposal of final dividends; and

(xi) appointments to the Board and the various Board committees.

The Company has documented the guidelines for matters that require the Board's decision or approval. The Company also has a Document Approval Authority matrix which sets the authorisation and approval limits for various transactions such as, sales quotation, purchase requisition and credit note requisition. Apart from matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Executive Director and the management for operational efficiency.

CORPORATE GOVERNANCE REPORT

The Company will provide a newly-appointed Director guidance and orientation (including management's presentation) which will allow such person to understand the Group's business operations, strategic directions and policies, corporate functions and governance practices. If necessary, on-site visits to the Group's local and overseas places of operation will be arranged for a newly-appointed Director. Upon appointment, a Director will be provided a formal letter which sets out his duties and obligations. If a newly-appointed Director does not have any prior experience as a director of a listed company, the Company will arrange for such person to undertake training in the roles and responsibilities of a director of a listed company as required by Rule 406(3)(a) of the SGX-ST Listing Manual Section B: Rules of the Catalist ("**Catalist Rules**") and to familiarise such person with the relevant rules and regulations governing a listed company.

While the Directors are generally responsible for their own individual training needs, continuous and on-going training programmes are made available to the Directors from time to time such as courses on directors' duties and responsibilities as well as seminars and talks on relevant subject fields.

The Directors are conscious of the importance of continuing education in areas such as legal and regulatory responsibilities and accounting issues, so as to update and refresh themselves on matters that may affect their performance as a Board, or as a member of a Board committee. Accordingly, further training for Directors will extend to relevant new laws, regulations and changing commercial risks from time to time when appropriate. The Company shall be responsible for funding the training of the Directors.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

During FY2019, the Board comprises four Directors, out of whom two are Independent Directors, one is a Non-Independent Non-Executive Director and the other one is an Executive Director. Mr Foo Chew Tuck was re-designated as Executive Chairman and Chief Executive Officer ("**CEO**") with effect from 1 April 2018. Following this, Independent Directors currently make up 50% of the Board and the Company complies with Guideline 2.2 of the Code which stipulates that Independent Directors should make up at least half of the Board where, among others, the Chairman and CEO is the same person and part of the management team as well as non-independent.

As set out under the Code, an Independent Director is one who has no relationship with the Company, its related corporations, its Substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. The NC deliberates annually to determine the independence of a Director bearing in mind the salient factors set out under this guideline in the Code as well as all other relevant circumstances and facts. To facilitate the NC in its review of the independent status of the Directors, each Non-Executive Director will confirm his/her independence on a yearly basis. The Executive Director is considered non-independent. During FY2019, our Independent Directors, Mr Sin Hang Boon and Mrs Eileen Tay-Tan Bee Kiew, have served on the Board beyond nine years from the date of their first appointment on 15 September 2009. The Board, having reviewed the independence of these Directors and further taking into account the deliberations of the NC, is of the view that both of them are able to continue to exercise independent and objective judgement considering also that there are no relationships or circumstances which may affect their judgement and ability to discharge their duties and responsibilities as Independent Directors.

The NC is of the view that the Board has the requisite blend of expertise, skills and attributes to oversee the Group's business. Collectively, they have competencies in areas which are relevant and valuable to the Group, such as accounting, corporate finance, business development, management, sales and strategic planning. In particular, the Executive Chairman and CEO has many years of experience in the industries that the Group operate. The NC considers that the Board's present size is adequate for effective debate, strategic decision-making and in exercising accountability to Shareholders and delegating authority to the management, taking into account the nature and scope of the Group's operations. As the Group's activities continue to grow, the NC will continuously review the composition of the Board so that it will have the necessary competency to be effective.

CORPORATE GOVERNANCE REPORT

The current Board composition provides a diversity of skill, experience, gender and knowledge to the Company as follows:-

	Balance and Diversity of the Board	
Core Competencies	**Number of Directors**	**Proportion of Board**
Accounting or finance	2	50%
Business management	4	100%
Legal or corporate governance	3	75%
Relevant industry knowledge or experience	1	25%
Strategic planning experience	4	100%
Customer based experience or knowledge	1	25%
Gender	**Number of Directors**	**Proportion of Board**
Male	3	75%
Female	1	25%

The Non-Executive Directors (including the Independent Directors) provide constructive advice on the Group's strategic and business plans. They constructively challenge and help develop proposals on strategy for the Group. They also review the performance of the management in meeting agreed goals and objectives and monitor the reporting of performance of the Group.

To facilitate more effective check on management, the Non-Executive Directors meet as and when necessary and at least once a year without the presence of the management.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Foo Chew Tuck is the Executive Chairman and CEO of the Board. He determines the overall strategic and expansion plans and is responsible for the overall business development and general management of the Group. He is also responsible for the daily management and operations as well as overseeing the Group's strategies and growth.

The Board is of the opinion that it is not necessary to separate the roles of the Chairman and the CEO after taking into account the size, scope and nature of the operations of the Group. Although the roles of Chairman and CEO are not separate, the Board is of the view that there are sufficient independent elements with Independent Directors making up half of the Board, safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or groups of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance.

The Board is of the view that it is currently in the best interests of the Group to adopt a single leadership structure having Mr Foo Chew Tuck as the Executive Chairman and CEO of the Board to facilitate the decision-making process of the Group and is thereby better able to guide discussions and ensures that the Board is properly briefed in a timely manner on pertinent issues and developments.

The Board is of the view that there is a balance of power and authority with the various Committees chaired by the Independent Directors.

The Chairman's duties include:

(i) lead the Board to ensure its effectiveness on all aspects of its role;

(ii) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(iii) promote a culture of openness and debate at the Board;

CORPORATE GOVERNANCE REPORT

(iv) ensure that the Directors receive complete, adequate and timely information;

(v) ensure effective communication with Shareholders;

(vi) encourage constructive relations within the Board and between the Board and the management;

(vii) facilitate the effective contribution of Non-Executive Directors in particular;

(viii) encouraging constructive relations between Executive Director and Non-Executive Directors; and

(ix) promote high standards of corporate governance.

In view that the Executive Chairman and the CEO is the same person and part of the management team, Mrs Eileen Tay-Tan Bee Kiew is appointed as Lead Independent Director in accordance with the guidelines set out in the Code. As Lead Independent Director, she will be available to Shareholders if they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Financial Controller has failed to resolve their concerns or is inappropriate. Whenever warranted, the Independent Directors will meet without the presence of the other Directors and will provide feedback to the Chairman after such meetings.

PRINCIPLE 4: BOARD MEMBERSHIP

The appointment of new Directors to the Board is recommended by the NC which comprises three Directors, namely, Mr Sin Hang Boon (who is chairman of the NC), Mrs Eileen Tay-Tan Bee Kiew and Mr Wong Hin Sun, Eugene. As both Mrs Eileen Tay-Tan Bee Kiew and Mr Sin Hang Boon are Independent Directors, the NC comprises a majority of Independent Directors.

The principal functions of the NC, regulated by written terms of reference and undertaken by the NC during the year, are as follows:

(i) review board succession plans for Directors, in particular, for the Chairman and the CEO;

(ii) develop a process for evaluation of the performance of the Board, the various Board committees and the Directors;

(iii) review the training and professional development programs for the Board;

(iv) review, assess and make recommendation to the Board on all Board appointments and re-elections, taking into consideration the composition and progressive renewal of the Board and each Director's competencies and contributions;

(v) review and determine annually the independence of Directors;

(vi) decide the assessment process and implement a set of objective performance criteria to be applied from year to year for evaluation of the Board's performance; and

(vii) evaluate the Board's effectiveness as a whole and each Director's contribution to its effectiveness in accordance with the assessment process and performance criteria adopted, including deciding whether a Director is able to and has been adequately carrying out his/her duties when he/she has multiple board representations.

CORPORATE GOVERNANCE REPORT

The NC leads the process and makes recommendations to the Board for the selection and approval of appointment of new Directors as follows:

(i) evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with the management, prepares a description of the role and the essential and desirable competencies for a particular appointment;

(ii) while existing Directors and the management may make suggestions, seeks external help where necessary to source for potential candidates;

(iii) meets with short-listed candidates to assess their suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and

(iv) makes recommendations to the Board for approval.

At present, no alternative Director has been appointed to the Board.

Under the Constitution of the Company, the Directors are required to retire at least once in every three years and one-third of the Directors shall retire by rotation at each AGM. The NC assesses and recommends to the Board whether the retiring Directors are suitable for re-election, taking into consideration the range of expertise, skills and attributes of the Board and its composition. The NC also considers the attendance, preparedness, participation and candour of past Directors although re-nomination or replacement does not necessarily reflect the Directors' performance or contributions to the Board.

The NC determines the independence of Directors annually in accordance with the guidelines set out in the Code and the declaration form completed by each Non-Executive Director disclosing the required information. The NC is of the opinion that in respect of FY2019, the Board has been able to exercise objective judgment on corporate affairs independently and that the Board's decision making process is not dominated by any individual or small group of individuals.

The NC also determines annually whether a Director with multiple board representations is able to and has been adequately carrying out his duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and the respective Directors' actual conduct on the Board. The NC is satisfied that for FY2019, all the Directors have been able to and have adequately carried out their duties as Directors notwithstanding their multiple board representations.

The NC and the Board are of the view that there should not be any restriction to the number of board representations that each Director may take up as multiple board representations do not necessarily hinder the Directors from carrying out their duties. The NC and the Board are of the view that multiple board representations may be beneficial as these widen the experience of the Directors and broaden the perspective of the Directors and the Board.

Key information regarding the Directors is disclosed under the section on "Board of Directors" in this Annual Report. The dates of first appointment and last re-election of each of the Directors are set out below:

Name of Director	Position in the Board	Date of first appointment	Date of last re-election
Mr Foo Chew Tuck[1]	Executive Chairman and CEO	9 September 2007	26 July 2017
Mr Wong Hin Sun, Eugene	Non-Independent Non-Executive Director	15 September 2009	26 July 2017
Mr Sin Hang Boon	Independent Director	15 September 2009	26 July 2018
Mrs Eileen Tay-Tan Bee Kiew	Lead Independent Director	15 September 2009	26 July 2018

(1) Mr Foo Chew Tuck was re-designated as the Executive Chairman and CEO of the Company with effect from 1 April 2018.

CORPORATE GOVERNANCE REPORT

At the forthcoming AGM, Mr Foo Chew Tuck and Mr Wong Hin Sun, Eugene are due for re-election pursuant to the Constitution of the Company. The NC has recommended and the Board has agreed for Mr Foo Chew Tuck and Mr Wong Hin Sun, Eugene to retire and seek re-election at the forthcoming AGM.

The detailed information of the Directors seeking re-election as required under Appendix 7F of the Catalist Rules can be found on pages 21 to 26.

During FY2019, the Independent Directors, Mrs Eileen Tay-Tan Bee Kiew and Mr Sin Han Boon have served on the Board beyond nine years from the respective date of their first appointment on 15 September 2009.

The Board has subjected the independence of Mrs Eileen Tay-Tan Bee Kiew and Mr Sin Han Boon to a conscientious review by all other Directors. The NC has evaluated the participation of Mrs Eileen Tay-Tan Bee Kiew and Mr Sin Han Boon at board and committee meetings and determined that each of them continues to possess independent thinking and the ability to exercise objective judgement on corporate matters independently. Taking into account the above, the Board has resolved that each of Mrs Eileen-Tay Tan Bee Kiew and Mr Sin Han Boon continues to be considered as an independent director, notwithstanding that they have served on the Board beyond nine years.

PRINCIPLE 5: BOARD PERFORMANCE

The NC has implemented a formal board evaluation process in assessing the effectiveness of the Board as a whole, the various Board committees and the contribution of each individual Director to the effectiveness of the Board. The objective of the annual evaluation is to identify areas for improvement and to implement appropriate action.

The Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board, the various Board committees and the individual Directors for FY2019. The results of the appraisal exercise were tabulated, analysed and considered by the NC which then made recommendations to the Board on areas for improvement, aimed at helping the Board to discharge its duties more effectively. The appraisal process focused on the following areas of evaluation:

(i) Board and Board committees composition;

(ii) information to the Board;

(iii) Board and Board committees procedures;

(iv) Board and Board committees accountability;

(v) CEO and top management;

(vi) standards of conduct;

(vii) internal controls and risk management systems; and

(viii) audit process.

The NC is of the view that the Board and its various Board committees have contributed to the overall effectiveness of the Board as a whole. The Chairman will act on the results of the performance evaluation and, in consultation with the NC, will propose, where appropriate, new members to be appointed to the Board or seek resignation of Directors.

The Company did not engage any external facilitator for assessment of the Board, board committees and Directors during FY2019.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 6: ACCESS TO INFORMATION

The Directors are provided with board papers for proposals and are given regular management information prior to each Board meeting and at such other time as necessary. Information provided to the Board includes background information relating to the matters to be brought before the Board. Relevant information on material events and transactions are circulated to the Directors as and when they arise. The Board also receives regular reports pertaining to the operational and financial performance of the Group with explanations for material variance between budget and actual performance.

The Board members have separate and independent access to the management, who will on a timely manner, provide additional information as may be needed by the Board to make informed decisions.

The Board members also have separate and independent access to the Company Secretaries. The role of the Company Secretaries is clearly defined and includes responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. The Company Secretaries attend all Board meetings and ensures good information flows within the Board and its committees and between the management and the Non-Executive Directors. Minutes of the various Board committees are circulated to the whole Board for review and information.

The Board is fully involved in and responsible for the appointment and removal of the Company Secretaries.

Where the Directors, either individually or as a group, in the furtherance of their duties, require professional advice, the management will assist them in obtaining independent professional advice, at the Company's expense.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The members of the RC comprise entirely Non-Executive Directors, namely Mr Sin Hang Boon (who is chairman of the RC), Mrs Eileen Tay-Tan Bee Kiew and Mr Wong Hin Sun, Eugene. Mr Sin Hang Boon and Mrs Eileen Tay-Tan Bee Kiew are Independent Directors. As such, the RC comprises a majority of Independent Directors.

The principal functions of the RC, regulated by written terms of reference and undertaken by the RC during the year, include the following:

(i) review and recommend to the Board a general framework of remuneration and specific remuneration package for the Board and key management personnel covering all aspects of remuneration, including but not limited to fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind;

(ii) review and ensure that the remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive;

(iii) structure an appropriate portion of Executive Director's and key management personnel's remuneration so as to link rewards to corporate and individual performance so as to align them with the interests of Shareholders and promote the long-term success of the Group; and

(iv) review the Company's obligations arising in the event of termination of the Executive Director and key management personnel's contracts of service to ensure that the termination clauses are fair and reasonable and not overly generous.

The RC reviews the framework for remuneration of the Directors and the management and recommends to the Board for adoption. The RC also determines specific remuneration packages and terms of employment for each Executive Director and management staff.

CORPORATE GOVERNANCE REPORT

The RC's recommendations in respect of the Directors' remunerations are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind for the Board and senior management are covered by the RC.

Each member of the RC will abstain from voting on any resolutions in respect of his or her remuneration package.

If necessary, the RC will seek expert advice inside and/or outside the Company on remuneration matters. The RC did not engage any remuneration consultant in respect of remuneration matters for FY2019.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The Executive Director does not receive Directors' fees. The performance-related elements of remuneration are designed to align interests of the Executive Director with those of Shareholders and link rewards to the Group's financial performance.

The Executive Director has entered into a service agreement with the Company in which the terms of his employment are stipulated. The initial term of employment is for a period of three years from the date of admission of the Company to the Catalist (being 21 October 2009) and thereafter, his employment is renewed annually subject to termination clauses in the service agreement. The service agreement may be terminated by giving six (6) months' prior written notice or an amount equal to six (6) months' salary in lieu of such notice. Under the service agreements, the Executive Director is entitled to be paid an incentive bonus annually which is pegged to the financial performance achieved by the Group for that financial year.

The Non-Executive Directors (including the Independent Directors) are paid a base fee. An additional fee is also paid to Non-Executive Directors for serving on any of the board committees, with the chairperson of each of these committees being paid twice the amount of such additional fee. The Lead Independent Director is entitled to an additional amount for acting in such capacity. Such fees are pro-rated if a Director serves for less than one year. The Directors' fees are subject to approval by Shareholders at the AGM.

The Company had adopted the Jason Employee Share Option Scheme (the "**ESOS**") on 15 September 2009 prior to its listing on the Catalist board of the SGX-ST. Since its adoption till the date of this report, no option has been granted under the ESOS. Accordingly, no Shares have been allotted on the exercise of options granted under the ESOS. It was stated, on its adoption, that the ESOS shall continue in operation for a maximum duration of 10 years commencing on the date on which the ESOS was adopted by the Company and may be continued for any further period thereafter with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. Considering that the Company has not utilised the ESOS in the past 10 years, the RC and the Board have decided not to extend the duration of the ESOS and accordingly, the ESOS will lapse on 14 September 2019.

In addition to the ESOS, the Company has adopted the Jason Performance Share Plan (the "**PSP**") which was approved by Shareholders at an extraordinary general meeting held on 27 July 2011. The PSP was implemented to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance. No share awards were granted and no new shares or treasury shares were issued or transferred to employees under the PSP during FY2019.

The PSP is administered by the RC currently comprising Mr Sin Hang Boon, Mrs Eileen Tay-Tan Bee Kiew and Mr Wong Hin Sun, Eugene. The RC has deliberated and it is intended that the PSP will serve as the share-based compensation scheme for the Group. Shareholders' approval will be sought at the forthcoming AGM to empower Directors to allot and issue Shares pursuant to the PSP.

CORPORATE GOVERNANCE REPORT

Controlling Shareholders and their associates are not entitled to participate in the PSP. Non-Executive Directors are allowed to participate in the PSP to give recognition to their services and contributions and to align their interests with that of the Group. In order to minimise any possible conflicts of interest and not to compromise their independence, such Non-Executive Directors will be primarily remunerated for their services by way of directors' fees and only a nominal amount of share awards (if any) will be granted to the Non-Executive Directors under the PSP.

The aggregate number of Shares over which the RC may grant on any date, when added to the number of Shares issued and issuable in respect of all Shares granted under the PSP and any other share schemes to be implemented by the Company shall not exceed 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding that date.

For the purpose of Rule 851 of the Catalist Rules, during FY2019, (i) there has been no grant of discounted options under the ESOS; (ii) none of the Directors of the Company has been granted any option under the ESOS or performance share; (iii) none of the participants under the ESOS and the PSP has been granted 5% or more of the total number of options or Shares (as the case may be) available under the ESOS and the PSP; and (iv) as the Company does not have any parent company, the participants of the ESOS and the PSP do not include any directors or employees of any parent company and its subsidiaries.

In setting remuneration packages, the Company keeps in mind the pay and employment conditions within the industry and in comparable companies. If required, the Company will engage professional advice to provide guidance on remuneration matters.

The RC and Board are of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial statements, or misconduct resulting in financial loss to the Company. The Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director and key management personnel in the event of such exceptional circumstances or breach of fiduciary duty.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Given the highly competitive condition of the industry that the Group operates in, the Board is of the view that it is in the best interest of the Group to maintain confidentiality of the remuneration details of the Executive Director and the key management personnel of the Group.

A breakdown showing the level and mix of the remuneration of the Directors in respect of FY2019 is as follows:

	Fees %	Salary and CPF^ %	Performance-related income %	Others %	Benefit-in-kind %	Total %
S$250,000 to S$499,000						
Mr Foo Chew Tuck	–	86	9	–	5	100
Below S$250,000						
Mrs Eileen Tay-Tan Bee Kiew	100	–	–	–	–	100
Mr Sin Hang Boon	100	–	–	–	–	100
Mr Wong Hin Sun, Eugene	100	–	–	–	–	100

^ CPF denotes Central Provident Fund.

No Director has been granted share-based award during FY2019.

CORPORATE GOVERNANCE REPORT

In respect of FY2019, the amount of directors' fees proposed to be payable to the Non-Executive Directors (including the Independent Directors), subject to the approval of Shareholders at the forthcoming AGM, are as follows:

Name	Amount
Mrs Eileen Tay-Tan Bee Kiew	S$62,500
Mr Sin Hang Boon	S$60,000
Mr Wong Hin Sun, Eugene	S$50,000

Apart from the Executive Director, the Group's key management team includes Mr Shaun Teo Koon Sing, Mr Keith Lim Chee Keong and Mr Derrick Chan Kwok Yuan). A breakdown showing the level and mix of the remuneration of the Group's key management (who is not a Director or CEO) in respect of FY2019 is as follows:

	Salary and CPF^ %	Performance-related income %	Others %	Benefit-in- kind %	Total %
S$250,000 to S$499,000					
Mr Shaun Teo Koon Sing[1]	77	23	–	–	100
Below S$250,000					
Mr Keith Lim Chee Keong[2]	84	16	–	–	100
Mr Derrick Chan Kwok Yuan[3]	100	–	–	–	100
Ms Esabelle Saw Hong Gaik[4]	100	–	–	–	100

(1) Mr Shaun Teo Koon Sing, Head of Energy of the Group, joined the Group in July 2000 and was appointed an Executive Officer of the Company with effect from 29 April 2019.
(2) Mr Keith Lim Chee Keong, Head of Marine of the Group, joined the Group in April 2008 and was appointed an Executive Officer of the Company with effect from 29 April 2019.
(3) Mr Derrick Chan Kwok Yuan has been appointed as the Financial Controller of the Group with effect from 26 November 2018.
(4) Ms Esabelle Saw Hong Gaik resigned as the Financial Controller of the Group and Joint Company Secretary of the Company with effect from 26 November 2018.

Total remuneration (including CPF, Bonus and benefit-in-kind) paid to the top 4 key management personnel named above for FY2019 was approximately S$622,000.

The Executive Director and key management personnel are not entitled to any benefits upon termination, retirement or post-employment. During FY2019, the Group does not have any employees who are immediate family members of a Director or the CEO.

The variable bonus or incentive portion of the remuneration packages of the Executive Director and key management personnel are linked to key performance indicators ("**KPIs**") that are determined in advance. Such KPIs typically include financial and non-financial KPIs. Financial KPIs are directly linked to the performance of the Group. Non-financial KPIs include action plans that are important to the long-term sustainability of the Group's performance, such as succession planning. During FY2019, the performance related income have been made on the extent that certain KPIs have been met by the Executive Director and key management personnel.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 10: ACCOUNTABILITY

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the interests of the Group. The Board provides a balanced and understandable assessment of the Group's performance, position and prospects through announcements of the Group's half-year and full-year results and announcements of the Group's major corporate developments from time to time. In line with the continuous disclosure obligations under the Catalist Rules, the Board has and will continue to inform Shareholders promptly of all pertinent information. Such information is disclosed to Shareholders on a timely basis through SGXNET. All disclosures submitted to the SGX-ST on SGXNET are also made available on the Company's corporate website (www.jason.com.sg).

The Board is committed to ensure compliance with legislative and regulatory requirements including requirements under the Catalist Rules. The management provides the Board with monthly management accounts and as and when the Board may require from time to time. Such reports keep the Board informed of the Group's performance and contain explanation and information to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is committed to maintaining a sound system of internal controls to safeguard Shareholders' investments and the Group's assets. The Board oversees the management in the design, implementation and monitoring of the risk management and internal control systems.

The ARC and the Board review on an annual basis the adequacy of the Group's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management. The system of internal controls and risk management established by the Company are designed to manage, rather than eliminate the risk of failure in achieving the Group's strategic objectives. The management is involved in regular reviews of the risks that are significant to the fulfilment of the objectives of the business. However, it should be recognised that such systems are designed to provide reasonable assurance, but not an absolute guarantee against material misstatement or loss.

During FY2019, the Company's appointed internal auditor, PricewaterhouseCoopers LLP, has conducted internal audit review based on an agreed scope of review. In respect of FY2019, the Board has received from the Executive Chairman and CEO and Financial Controller a letter of assurance confirming that the Group's financial records have been properly maintained and the Group's consolidated financial statements for FY2019 give a true and fair view of the Group's operations and finances and that the Group's risk management and internal control systems were sufficiently effective.

Based on (i) the internal controls established and maintained by the Group, (ii) work performed by the internal and external auditors, (iii) reviews performed by the management, the ARC and the Board, and (iv) the aforementioned letter of assurance provided by the Executive Chairman and CEO and the Financial Controller, the Board with the concurrence of the ARC is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems were adequate and effective for FY2019.

The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. However, the Board, together with the ARC and the management, will review the adequacy and effectiveness of the internal control framework on an on-going basis and address any specific issues or risks whenever necessary.

The Company has established a Management Risk Committee, headed by the Executive Chairman and CEO, to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies.

PRINCIPLE 12: AUDIT AND RISK COMMITTEE

The ARC comprises three Non-Executive Directors, namely Mrs Eileen Tay-Tan Bee Kiew (who is chairperson of the ARC), Mr Sin Hang Boon and Mr Wong Hin Sun, Eugene. All the members of the ARC are non-executive and the ARC comprises a majority (including the chairperson of the ARC) of Independent Directors.

All members of the ARC have extensive management and financial experience. The Board considers them as having sufficient financial management knowledge and experience to discharge their responsibility in the ARC.

The ARC has full access to, and co-operation from the management, and has full discretion to invite any Director, executive officer or other persons to attend its meetings. It may require any such Director, officer or other person in attendance to leave the proceedings (temporarily or otherwise) to facilitate open discussion.

The current duties and functions of the ARC include assisting the Board to oversee and ensure that such risk management and internal control systems have been appropriately implemented and monitored. As such, the terms of reference of ARC have incorporated risk management responsibilities.

The duties and responsibilities of the ARC are contained in written terms of reference, which are mainly to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, business and financial risk management. During the year, the ARC performed the following main functions:

(i) recommending to the Board on the proposals to Shareholders on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors;

(ii) reviewing the scope, changes, results and cost-effectiveness of the external and internal audit plan and process, and the independence and objectivity of the auditors;

(iii) reviewing the Group's half-yearly and annual financial statements and related notes and announcements relating thereto; accounting principles adopted, and the external auditors' report prior to recommending to the Board for approval;

(iv) reviewing, evaluating and reporting to the Board at least annually, having regard to input from external and internal auditors, the adequacy and effectiveness of the system of internal controls, including financial, operational, compliance and information technology controls;

(v) reviewing the nature, scope, extent and cost-effectiveness of any non-audit services provided by the external auditors and ensuring that these do not affect the independence and objectivity of the external auditors;

(vi) reviewing any significant financial reporting issues and judgments and estimates made by the management, so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(vii) reviewing the effectiveness of the Group's internal audit function; and

(viii) reviewing the interested person transactions reported by the management to ensure that they were carried out on normal commercial terms, and are not prejudicial to the interests of Shareholders.

During FY2019, the ARC has met with the external auditors and internal auditors to review accounting, auditing and financial reporting matters to ensure that an effective control environment is maintained in the Group. The ARC has also met with the internal auditors and external auditors without the presence of the Company's management in May 2019.

CORPORATE GOVERNANCE REPORT

In respect of FY2019, the ARC has reviewed the independence of the external auditors, Messrs BDO LLP and recommended that Messrs BDO LLP be nominated for re-appointment as auditors at the forthcoming AGM. In recommending the re-appointment of the auditors, the ARC considered and reviewed a number of key factors, including amongst other things, the adequacy of the resources and experience of the supervisory and professional staff as well as audit engagement partner to be assigned to the audit, and size and complexity of the Group and its businesses and operations.

Both the ARC and the Board have reviewed the appointment of different auditors for its subsidiaries and significant associated companies and are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company and the Group. Accordingly, the ARC and the Board confirms that the Company is in compliance with the Rules 712 and 716 of the Catalist Rules.

During FY2019, the amount of audit and non-audit fees payable to Messrs BDO LLP and its network member firm was S$107,000 and S$14,000 respectively. The ARC confirms that it has undertaken a review and during FY2019, there was no factor affecting Messrs BDO LLP's independence in the ARC's opinion.

The ARC has the authority to investigate any matter brought to its attention within its terms of reference, with the authority to engage professional advice at the Company's expense.

The ARC and the Board have put in place a whistle-blowing policy which allows employees or any other persons to raise concerns about possible improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports will be addressed to the chairperson of the ARC. Details of the whistle-blowing policy have been made available to all employees of the Group.

Details of the activities of the ARC are also provided under Principles 11 and 13 of this report. In addition to the activities undertaken to fulfil its responsibilities, the ARC is kept abreast by the management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements as well as attending the relevant external training and seminars in respect thereof.

No former partner of director of the Company's existing auditing firm is a member of the ARC.

PRINCIPLE 13: INTERNAL AUDIT

The internal audit function is currently outsourced to PricewaterhouseCoopers LLP, which reports directly to the ARC chairperson. The ARC approves the appointment, termination, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC.

In the opinion of the Board, PricewaterhouseCoopers LLP meets the standards set out by both nationally and internationally recognised professional bodies, and is satisfied that the internal auditors are qualified and experienced personnel.

The internal audit plans are approved by the ARC, with the arising audit outcome presented and reviewed by the management, the ARC and the Board.

The ARC annually reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced. With the appointment of PricewaterhouseCoopers LLP, the ARC has reviewed and is satisfied with the independence, adequacy and effectiveness of the internal control function.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 14: SHAREHOLDER RIGHTS

Shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuous disclosure obligations of the Company, pursuant to the Catalist Rules and Companies Act, the Board's policy is that Shareholders should be informed in a comprehensive manner and on a timely basis of all material developments of the Group which would likely to materially affect the price or value of the Company's Shares.

Shareholders have the opportunity to participate effectively in and vote at general meetings of Shareholders. They will be informed of the rules, including voting procedures that govern the general meetings.

The Company allows corporations which provide nominee or custodial services to appoint not more than two proxies so that Shareholders who hold Shares through such corporations can attend and participate in general meetings as proxies.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders is managed by the Board and is facilitated through professional investors' relations firm engaged by the Company, namely ShareInvestor Pte Ltd.

The Company does not make price-sensitive disclosure to a selected group. All announcements are released via the SGXNET and are also available on the Company's corporate website (www.jason.com.sg) and the website of ShareInvestor Pte Ltd (www.shareinvestor.com). Shareholders receive the Annual Report together with the notice of AGM which is also accessible through the SGXNET. The notice of AGM is also advertised in a local newspaper.

The Company endeavours to organise briefings when necessary with media and analysts, and participates in investor seminars where there are opportunities to update the investing community of the Group's performance and developments. During such briefings and meetings, the Company solicits and understands the views of Shareholders and the investment community.

The Company has adopted a dividend policy, as announced on SGXNET in May 2015. Subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances, the Board has stated that it shall recommend and distribute not less than 25% of the Group's audited consolidated net profits attributable to shareholders as dividends annually. The amount of dividends will depend on the Group's operating results, financial conditions such as cash position and retained earnings, other cash requirements including capital expenditure, restrictions on payment of dividends imposed on the Group by financing arrangements (if any) and other factors deemed relevant by the Directors. The foregoing statements are merely statements of the Board's intention and do not constitute legally binding obligations on the part of the Company in respect of payment of dividend and which will be subject to modification at the Directors' sole and absolute discretion. In respect of FY2019, the Board is recommending a first and final dividend of 0.5 Singapore cent per share subject to the approval of shareholders at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Board supports the Code's principle to encourage Shareholders' participation at general meetings.

The Board encourages Shareholders to attend general meetings to ensure a greater level of Shareholders' participation and to meet with the Board and the key management personnel so as to stay informed of the Group's developments and to raise issues and ask the Directors or the management questions regarding the Group's business and operations. The Directors and the management as well as external auditors will be present at general meetings to address Shareholders' queries.

Currently, the Constitution of the Company allows a member of the Company to appoint up to two proxies to attend and vote at general meetings. Pursuant to Section 181 of the Companies Act, a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his stead. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

The Company practises having separate resolutions at general meetings on each substantially separate issue. The Company also makes available minutes of general meetings to Shareholders upon their requests.

The Company conducts voting by poll and makes an announcement on the detailed results showing the number of votes cast for and against each resolution and the respective percentages. At present, the Company does not conduct voting by poll via electronic polling method as Shareholders' turn-out at the AGMs has been manageable.

SUSTAINABILITY COMMITTEE

The Sustainability Committee ("**SC**") comprises:

Mr Foo Chew Tuck (Chairman)
Mr Derrick Chan Kwok Yuan (Member)
Mr Ooi Chee Kong (Member)
Ms Tan Fah Yin (Member)
Ms May Lim San San (Member)

The SC was formed in FY2017 and headed by the Executive Chairman and CEO, Mr Foo Chew Tuck. The SC's responsibilities, as set out in its written terms of reference approved by the Board, are in the area of the Group's environmental, social and governance policies in line with SGX-ST's guidelines and regulations.

DEALINGS IN SECURITIES

An Internal Code of Best Practices on Securities Transactions has been adopted to prescribe the internal regulations pertaining to the securities of the Company. This code prohibits securities dealings by the Directors and the Group's employees while in possession of price-sensitive information and on short-term considerations. All Directors and the Group's employees are also prohibited from dealing in the securities of the Company for a period of one month prior to the release of the half-year and full-year financial results of the Company. In addition, the officers of the Company are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

CONTINUING SPONSOR

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor, CIMB Bank Berhad, Singapore Branch, during FY2019.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

Details of the interested person transactions for FY2019 presented in the format as required pursuant to Rule 907 of the Catalist Rules is tabled below:

Name of interested person	Aggregate value of all interested person transactions during FY2019 (excluding transactions less than S$100,000 and conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000)
Mr Foo Chew Tuck		
Lease of office premises from:		
(i) JE Holdings Pte Ltd	161	–
(ii) Unity Consultancy Pte Ltd	13	–
(iii) Jason Harvest Pte Ltd	47	–
Total:	221	–

The Company did not obtain any general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

Save as disclosed above, there are no material contracts or loans entered into by the Group involving the interests of the CEO, any Director or Controlling Shareholder of the Company, either still subsisting at the end of FY2019 or if not subsisting, were entered into since 1 April 2019.

RISK MANAGEMENT

Inherent industry risk

The Group is exposed to the volatility in market condition of the industries that it operates in. Such volatility could be due to factors like, volatility in freight and charter rates, oil price and the demand and supply of shipping capacity. However, the Group's exposure to such fluctuations is reduced by the establishment of the Group's operations in the various geographical locations, its worldwide customer base and involvement in different sectors and industries. Through the geographic spread and diversity of industry of the Group's operations, the Group reduces dependence on market conditions within a particular sector, industry or location.

In addition, the Group actively seeks to develop new markets and expand its scope of products and services for further growth. Hence, the Group is able to spread its business risks and reduce excessive reliance on any one particular customer, location or industry.

Dependence on key management personnel

The continued success of the Group, to certain extent, is dependent on its key management, technical and engineering personnel. The Group constantly looks into the issue of attracting, retaining, training and recruiting suitably qualified personnel for its operations to ensure that the team continues to be driven and well-guided to pursue further challenges ahead.

The Group is committed to provide the necessary training to its technical and engineering staff force to ensure that their skills stay relevant and measure up to the industries' and customers' requirements in order to retain its competitive edge.

CORPORATE GOVERNANCE REPORT

Project execution risk

The Group is required to conform with technical specifications, operational procedures and time schedule for the satisfactory completion of any project contracted to the Group. The agreement between the Group and its customers would normally include a provision for the payment of liquidated damages by the Group in the event that the Group is unable to complete the projects in accordance with the terms of the contract. Unforeseeable circumstances could disrupt or delay the completion of the projects that the Group undertakes from time to time. Such disruption and/or delay will result in cost overruns and higher operating costs which may materially and adversely affect the Group's profitability. If the Group is the cause of the delay in the completion of the projects, the Group will be liable for liquidated damages which may materially and adversely affect its reputation, operations or financial performance. In addition, any failure by the Group to complete projects according to customers' specifications may also lead to claims of liquidated damages against the Group which would adversely affect its financial performance.

ADDITIONAL REQUIREMENTS UNDER RULE 720(5) OF THE LISTING MANUAL

Information relating to Directors seeking re-election at the forthcoming AGM of the Company to be convened on 30 July 2019 as follows:

Name of Director	Foo Chew Tuck	Wong Hin Sun, Eugene
Date of Appointment	9 September 2007	15 September 2009
Date of last re-appointment	26 July 2017	26 July 2017
Age	68	51
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company, having considered among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Foo Chew Tuck, is of the view that he is suitable for reappointment as the Executive Chairman and CEO of the Company.	The Board of Directors of the Company, having considered among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Wong Hin Sun, Eugene, is of the view that he is suitable for reappointment as the Non-Independent Non-Executive Director, a member of the Audit and Risk Committee, a member of the Nominating Committee, a member of the Remuneration Committee of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Foo Chew Tuck is responsible for the overall management of the Group's operations, as well as the formulating and implementing the Group's business strategies.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and CEO	Non-Independent Non-Executive Director

CORPORATE GOVERNANCE REPORT

Name of Director	Foo Chew Tuck	Wong Hin Sun, Eugene
Professional qualifications	• Diploma in Marketing, The Chartered Institute of Marketing, UK • Bachelor of Science, Oklahoma City University • Master of Business Administration, Oklahoma City University • Member of the Singapore Institute of Directors	• Bachelor of Business Administration (first-class honours), National University of Singapore • Master of Business Administration, Imperial College of Science, Technology and Medicine, University of London • Owners President Management Program, Harvard Business School • Chartered Financial Analyst • Chartered Director • Chartered Valuer and Appraiser • Fellow of the Australia Institute of Company Directors and the UK institute of Directors
Working experience and occupation(s) during the past 10 years	2009-2018, Executive Chairman, Jason Marine Group Ltd 2018-Present, Executive Chairman and CEO, Jason Marine Group Ltd	Mr Wong Hin Sun, Eugene founded Sirius Venture Capital Pte. Ltd., a venture capital investment company, and has been its managing director since its incorporation in 2002.
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest in 81,300,000 ordinary shares, representing 77.43% of the issued and paid up share capital of the Company.	Deemed Interest in 2,650,000 ordinary shares, representing 2.52% of the issued and paid-up share capital of the Company held by Sirius Venture Capital Pte. Ltd.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes. Mr Foo Chew Tuck is a Substantial Shareholder of the Company.	Nil
Conflict of Interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE REPORT

Name of Director	Foo Chew Tuck	Wong Hin Sun, Eugene
Other Principal Commitments Including Directorships Past (for the last 5 years) Present	Past • Christian Business Men's Committee (Singapore) Ltd • 100 Holdings Pte Ltd • 3FE Investment Pte Ltd • Baze Marine & Offshore Pte Ltd Present • Jason Asia Pte Ltd • Jason Electronics (Pte) Ltd • Jason Energy Pte Ltd • Jason Venture Pte Ltd • Koden Singapore Pte Ltd • Marine Innovation Pte Ltd • Jason Elektronik (M) Sdn Bhd • iPromar (Pte) Ltd • Bay Plaza Sdn Bhd • Unity Consultancy Pte Ltd • Jalo Jalo Pte Ltd • Jason Harvest Pte Ltd • JE Holdings Pte Ltd • Tuckson Projects Pte Ltd • Unity Holdings Pte Ltd • Pei Chun Public School Ltd • CBMC International	Past • Agri-Food & Veterinary Authority • Global Dragon Ltd • Singapore Institute of Directors • Superdog Pte Ltd • Neo Group Ltd • Singapore Kitchen Equipment Ltd • SCC Travel Services Pte Ltd Present • Japan Food Holdings Ltd • SAF Yacht Club • SAFTI-MI Alumni Association • Enterprise Singapore • Singapore Business Federation (SBF) • Alliance Healthcare Group Ltd • Sirius Venture Capital Pte Ltd • CrimsonLogic Pte Ltd • Cargo Community Network Pte Ltd • Singapore Cruise Centre Pte. Ltd. • Gets Global Pte. Ltd. • Hargol Foodtech Ltd • Agfunder Asia Pte Ltd. • Dining Collective Pte Ltd

CORPORATE GOVERNANCE REPORT

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

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

CORPORATE GOVERNANCE REPORT

Name of Director		Foo Chew Tuck	Wong Hin Sun, Eugene
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

CORPORATE GOVERNANCE REPORT

Information required
Disclosure applicable to the appointment of Director only

	Foo Chew Tuck	Wong Hin Sun, Eugene
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes
If yes, please provide details of prior experience.	Mr Foo has been the Executive Director of Jason Marine Group Ltd since the initial IPO.	Mr Wong is the Non-Executive Vice Chairman of Japan Foods Holding Ltd and Lead Independent Director of Alliance Healthcare Group Ltd. He was also a non-executive director of Neo Group Limited, and Singapore Kitchen Equipment Limited and Independent Director of Q&M Dental Group (Singapore) Limited and former TMC Education Corporation Ltd.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	NA	NA

DIRECTORS' STATEMENT

The Directors of Jason Marine Group Limited (the "**Company**") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 March 2019 and the statement of financial position of the Company as at 31 March 2019.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; 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.

2. DIRECTORS

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

Foo Chew Tuck
Wong Hin Sun Eugene
Sin Hang Boon @ Sin Han Bun
Eileen Tay-Tan Bee Kiew

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraph 5 below.

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "**Act**"), except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 1 April 2018	Balance at 31 March 2019	Balance at 1 April 2018	Balance at 31 March 2019
Company				
Number of ordinary shares				
Foo Chew Tuck[(1)]	81,300,000	81,300,000	–	–
Wong Hin Sun Eugene[(2)]	–	–	2,650,000	2,650,000

(1) By virtue of Section 7 of the Act, Mr Foo Chew Tuck is deemed to have interests in the shares of all the wholly-owned subsidiary corporations of the Company as at the beginning and end of the financial year.

(2) Sirius Venture Capital Pte. Ltd. ("**Sirius Venture**") owns 2,650,000 shares in the Company and Mr Wong Hin Sun Eugene is the managing director of Sirius Venture. As at the beginning and end of the financial year, Mr Wong Hin Sun Eugene holds 100% of the issued share capital of Sirius Venture and accordingly, he is deemed to have an interest in the shares held by Sirius Venture.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 April 2019 in the shares of the Company have not changed from those disclosed as at 31 March 2019.

5. SHARE OPTIONS

<u>Jason Employee Share Option Scheme</u>

The Company has implemented a share option scheme known as the "Jason Employee Share Option Scheme" ("**ESOS**"). The ESOS was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 15 September 2009. The ESOS is administered by the Remuneration Committee. No share options have been granted to-date under the ESOS.

<u>Jason Performance Share Plan</u>

The Company has implemented a performance share plan known as the "Jason Performance Share Plan" ("**PSP**"). The PSP was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 27 July 2011. The PSP is administered by the Remuneration Committee.

The ESOS and PSP apply to group employees, executive director and non-executive directors, who are not controlling shareholders or their associates.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

DIRECTORS' STATEMENT

6. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises the following members, who are either Non-Executive or Independent Directors. The members of the Audit and Risk Committee during the financial year and at the date of this report are:

Eileen Tay-Tan Bee Kiew (Chairperson)
Sin Hang Boon @ Sin Han Bun
Wong Hin Sun Eugene

The Audit and Risk Committee performed the functions specified in Section 201B(5) of the Singapore Companies Act, Chapter 50, and the Singapore Code of Corporate Governance, including the following:

(i) recommending to the Board on the proposals to Shareholders on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors;

(ii) reviewing the scope, changes, results and cost-effectiveness of the external and internal audit plan and process, and the independence and objectivity of the auditors;

(iii) reviewing the Group's half-yearly and annual financial statements and related notes and announcements relating thereto; accounting principles adopted, and the external auditors' report prior to recommending to the Board for approval;

(iv) reviewing, evaluating and reporting to the Board at least annually, having regard to input from external and internal auditors, the adequacy and effectiveness of the system of internal controls, including financial, operational, compliance and information technology controls;

(v) reviewing the nature, scope, extent and cost-effectiveness of any non-audit services provided by the external auditors and ensuring that these do not affect the independence and objectivity of the external auditors;

(vi) reviewing any significant financial reporting issues and judgments and estimates made by the management, so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(vii) reviewing the effectiveness of the Group's internal audit function; and

(viii) reviewing the interested person transactions reported by the management to ensure that they were carried out on normal commercial terms, and are not prejudicial to the interests of Shareholders.

The Audit and Risk Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extend of such services would not affect the independence of the external auditors.

The Audit and Risk Committee has full access to and the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The internal and external auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

7. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

8. ADDITIONAL DISCLOSURE REQUIREMENTS OF THE LISTING MANUAL OF THE SGX-ST

The auditors of the subsidiary corporations and associates of the Company are disclosed in Note 6 and 7 to the financial statements. In the opinion of the Board of Directors and Audit and Risk Committee, Rule 716 of the Listing Manual of the SGX-ST has been complied with.

On behalf of the Board of Directors

Foo Chew Tuck
Director

Eileen Tay-Tan Bee Kiew
Director

Singapore
28 June 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JASON MARINE GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Jason Marine Group Limited (the "**Company**") and its subsidiaries (the "**Group**") as set out on pages 37 to 101, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2019;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

1. Accounting for investment in an associate - Sense Infosys Pte. Ltd. ("Sense Infosys")

As disclosed in Note 7 to the financial statements, the Group announced that Sense Infosys, a 24%-owned associated company held through Jason Venture Pte. Ltd. ("**JVPL**") (a wholly-owned subsidiary of the Group), has been placed under creditors' voluntary liquidation with effect from 23 April 2019.

Management has assessed and determined that the investment in Sense Infosys and convertible loans drawn down by Sense Infosys are unlikely to be recoverable.

As a result, the Group recognised the following losses for the financial year ended 31 March 2019:

- Group's share of Sense Infosys's losses of $416,000 such that the Group's investment in Sense Infosys was reduced to $Nil;
- Allowance for impairment loss of $851,000 for convertible loans and other receivables due from Sense Infosys; and
- Fair value loss of $931,000 in relation to the change in fair value of profit guarantee arising from investment in Sense Infosys recognised in the previous financial year.

We determined this to be a key audit matter as the losses recognised during the year that arose from the investment in Sense Infosys were significant to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JASON MARINE GROUP LIMITED

Key Audit Matters (Continued)

1. Accounting for investment in an associate - Sense Infosys Pte. Ltd. ("Sense Infosys") (Continued)

Related Disclosures

Refer to Notes 3.1, 7, 10, 16 and 30.1 to the accompanying financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Held discussion with management to understand the facts and circumstances surrounding the liquidation of Sense Infosys;
- Examined supporting documents provided by management and assessed the reasonableness of the losses recognised by management; and
- Assessed the adequacy of the disclosures in the financial statements.

2. Impairment assessment of trade receivables from third parties

As at 31 March 2019, the Group has significant trade receivables from third parties amounting to $4,452,000, net of an allowance for impairment of $796,000, representing 14% of the Group's total current assets.

The Group's customers mainly operate in the marine and offshore oil and gas industries in Asia. Taking into account the challenging market conditions in these industries and financial pressures faced by the Group's customers, there may be an increase in the Group's credit risk exposure.

The Group determined expected credit losses ("**ECL**") on trade receivables from third parties by making individual assessment of expected credit loss for long overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience with forward looking assumptions. Management takes into account historical provision trend and other relevant factors.

We focused on this area as a key audit matter as significant judgements are involved in determining ECL on trade receivables.

Related Disclosures

Refer to Notes 2.10, 3.2, 10 and 30.1 to the accompanying financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Obtained an understanding of and assessed the inputs and information, including the aged trade receivables report, used in designing the provision matrix;
- Recomputed ECL using the provision matrix and evaluated management's assessment of the ECL rates, including assumptions surrounding current conditions and forecast of future economic conditions;
- Assessed the aging of trade receivables to identify credit-impaired receivables and reasonableness of the ECL made for these receivables;
- Checked for subsequent receipts of selected samples of trade receivables; and
- Assessed the adequacy of the disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JASON MARINE GROUP LIMITED

Key Audit Matters (Continued)

3. Accounting for investment in eMarine Global Inc. ("eMarine Global")

Valuation of investment in eMarine Global

The Group holds approximately 6% of the equity interest in eMarine Global which is quoted on the OTC Market in United States of America ("**OTC Market**"). As eMarine Global's shares were thinly traded since listing, management carried out an assessment to determine if the OTC Market is active in relation to eMarine Global's shares and whether any adjustment to the price of those shares as quoted on the OTC Market may be necessary.

Based on management's assessment, the quoted price on the OTC Market is representative of the fair value of eMarine Global's shares as at 31 March 2019 and would be categorised as Level 1 of the fair value hierarchy.

As at 31 March 2019, the fair value of the investment in eMarine Global amounted to $3,514,000 based on the closing quoted market price on the last market trading day of the financial year and the Group recognised a net fair value loss of $19,744,000 in other comprehensive income.

Fair value of put option in eMarine Global

In accordance with revised shareholder agreement dated 30 August 2017, the Group holds a put option which, if exercised, will give the Group the right to sell 1,363,953 shares in eMarine Global for KRW759 per share, plus interest accrued on the aggregate consideration at a rate of 5.38% per annum for the period from 28 October 2011 to the date the put option is exercised. The exercise period of the put option is from 1 January 2017 to 31 December 2019. On 18 January 2019, the Group entered into an amended and restated agreement and extended the expiration date of the put option from 31 December 2019 to 31 December 2022.

As at 31 March 2019, the fair value of the put option was $249,000 based on a valuation performed by an independent valuation firm.

We focused on this area as a key audit matter as significant judgements are involved in:

- Management's assessment of whether the OTC Market is active in relation to eMarine Global's shares, including consideration of the trading volume and level of activity, and circumstances that may indicate that transactions are not orderly; and
- Determining the fair value of the put option as at the end of financial year, taking into account that the fair value is using significant unobservable inputs (Level 3).

Related Disclosures

Refer to Notes 3.1, 9, 16, 30.4 and 30.6 to the accompanying financial statements.

Audit Response

Our procedures included, amongst others, the following:

Valuation of investment in eMarine Global

- Held discussions with management and those charged with governance to understand the basis and judgements applied in management's assessment;
- Analysed the trends in trading volumes and transactions prices of eMarine Global; and
- Checked the closing quoted market price of eMarine Global to the OTC Market and recomputed the fair value of the investment as at 31 March 2019.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JASON MARINE GROUP LIMITED

Key Audit Matters (Continued)

3. Accounting for investment in eMarine Global Inc. ("eMarine Global") (Continued)

Fair value of put option in eMarine Global

- Assessed the competency, expertise and objectivity of the independent valuer, including obtaining an understanding of the independent valuer's scope of work and the terms of engagement;

- Engaged our internal valuation specialist to assess the appropriateness of the independent valuer's valuation approach such as whether it is a generally accepted valuation method in the market and whether it is consistent with the requirement of SFRS(I);

- Obtained the final valuation report issued by the independent valuer and, with the assistance of our internal valuation specialist, assessed the reasonableness of the significant judgements, key estimates and assumptions adopted; and

- Assessed the adequacy of the disclosures in the financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JASON MARINE GROUP LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JASON MARINE GROUP LIMITED

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 Adrian Lee Yu-Min.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
28 June 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

		Group			Company		
	Note	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Non-current assets							
Intangible asset	4	–	–	6	–	–	–
Plant and equipment	5	771	1,138	1,463	–	–	–
Investments in subsidiaries	6	–	–	–	15,555	15,480	15,480
Investments in associates	7	77	488	1,117	–	–	–
Available-for-sale financial assets	8	–	23,537	592	–	–	–
Financial assets, at fair value through other comprehensive income	9	3,894	–	–	–	–	–
Trade receivables	10	–	57	136	–	–	–
Deferred tax assets	12	–	1	1	–	–	–
Total non-current assets		4,742	25,221	3,315	15,555	15,480	15,480
Current assets							
Inventories	13	4,632	3,071	4,352	–	–	–
Trade and other receivables	10	5,496	9,264	5,141	25	694	575
Contract assets	11	6,422	2,719	365	–	–	–
Derivative financial instruments	16	254	955	1,618	–	–	–
Prepayments		234	236	212	21	23	24
Current income tax recoverable		–	2	–	–	–	–
Cash and cash equivalents	14	14,165	17,881	23,874	7,452	7,278	6,996
Total current assets		31,203	34,128	35,562	7,498	7,995	7,595
Current liabilities							
Trade and other payables	15	5,567	6,581	7,298	269	298	274
Contract liabilities	11	3,453	6,128	7,525	–	–	–
Current income tax payable		464	137	495	4	1	–
Total current liabilities		9,484	12,846	15,318	273	299	274
Net current assets		21,719	21,282	20,244	7,225	7,696	7,321
Non-current liabilities							
Deferred tax liabilities	12	3	51	50	–	–	–
Net assets		26,458	46,452	23,509	22,780	23,176	22,801
Equity							
Share capital	17	17,967	17,967	17,967	17,967	17,967	17,967
Treasury shares	18	(255)	(255)	(255)	(255)	(255)	(255)
Fair value adjustment reserve	19	3,336	22,979	–	–	–	–
Foreign currency translation account	20	(60)	(143)	(38)	–	–	–
Retained earnings		5,402	5,850	5,805	5,068	5,464	5,089
Equity attributable to owners of the parent		26,390	46,398	23,479	22,780	23,176	22,801
Non-controlling interests		68	54	30	–	–	–
Total equity		26,458	46,452	23,509	22,780	23,176	22,801

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Revenue	21	29,002	31,646
Cost of sales		(18,824)	(21,428)
Gross profit		10,178	10,218
Other item of income			
Other income	22	1,150	1,196
Other items of expense			
Distribution costs		(4,883)	(4,080)
General and administrative expenses		(3,758)	(4,421)
Other expenses		(687)	(1,635)
Impairment loss on financial assets	23	(977)	(207)
Share of results of associates, net of tax	7	(411)	(879)
Profit before income tax	23	612	192
Income tax expense	24	(409)	(125)
Profit for the financial year		203	67
Other comprehensive income:			
Items that will or may be reclassified subsequently to profit or loss:			
Fair value changes on available-for-sale financial assets		–	22,979
Foreign currency differences on translation of foreign operations		85	(103)
Items that will not be reclassified subsequently to profit or loss:			
Fair value changes on financial assets, at fair value through other comprehensive income		(19,643)	–
Other comprehensive income for the financial year, net of tax		(19,558)	22,876
Total comprehensive income for the financial year		(19,355)	22,943
Profit attributable to:			
Owners of the parent		191	45
Non-controlling interests		12	22
		203	67
Total comprehensive income attributable to:			
Owners of the parent		(19,369)	22,919
Non-controlling interests		14	24
		(19,355)	22,943
Earnings per share			
– Basic and diluted (cents)	25	0.18	0.04

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Share capital $'000	Treasury shares $'000	Fair value adjustment reserve $'000	Foreign currency translation account $'000	Retained earnings $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Group									
Opening balance at 1 April 2018 (FRS framework)		17,967	(255)	22,979	(143)	5,850	46,398	54	46,452
Effect of transition to SFRS(I) 9	31	–	–	(34)	–	(80)	(114)	–	(114)
Balance at 1 April 2018 (SFRS(I) framework)		17,967	(255)	22,945	(143)	5,770	46,284	54	46,338
Profit for the financial year		–	–	–	–	191	191	12	203
Other comprehensive income for the financial year									
Fair value changes on financial assets, at fair value through other comprehensive income		–	–	(19,643)	–	–	(19,643)	–	(19,643)
Foreign currency differences on translation of foreign operations		–	–	–	83	–	83	2	85
Total comprehensive income for the financial year		–	–	(19,643)	83	191	(19,369)	14	(19,355)
Distributions to owners of the parent									
Dividend paid	26	–	–	–	–	(525)	(525)	–	(525)
Balance at 31 March 2019		17,967	(255)	3,302	(60)	5,436	26,390	68	26,458

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Share capital $'000	Treasury shares $'000	Fair value adjustment reserve $'000	Foreign currency translation account $'000	Retained earnings $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Group								
Balance at 1 April 2017	17,967	(255)	–	(38)	5,805	23,479	30	23,509
Profit for the financial year	–	–	–	–	45	45	22	67
Other comprehensive income for the financial year								
Fair value changes on available-for-sale financial assets	–	–	22,979	–	–	22,979	–	22,979
Foreign currency differences on translation of foreign operations	–	–	–	(105)	–	(105)	2	(103)
Total comprehensive income for the financial year	–	–	22,979	(105)	45	22,919	24	22,943
Balance at 31 March 2018	17,967	(255)	22,979	(143)	5,850	46,398	54	46,452

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	2019 $'000	2018 $'000
Operating activities		
Profit before income tax	612	192
Adjustments for:		
Impairment loss on financial assets	977	207
Write-back of allowance for impairment loss on doubtful third parties trade and other receivables	(41)	(131)
Write-back of trade payables	(6)	(22)
Impairment loss on available-for-sale financial assets	–	34
Write-back of allowance for inventory obsolescence	(66)	(83)
Amortisation of intangible asset	–	6
Fair value loss on derivative financial instruments, net	677	663
Depreciation of plant and equipment	347	395
Dividend income	–	(25)
Gain on disposal of plant and equipment	(5)	(55)
Interest income	(219)	(126)
Plant and equipment written off	4	6
Share of results of associates	411	879
Unrealised exchange (gain)/loss	(174)	579
Operating cash flows before working capital changes	2,517	2,519
Working capital changes:		
Inventories	(1,132)	1,364
Trade and other receivables	2,811	(4,170)
Contract assets	(3,703)	(2,354)
Prepayments	2	(24)
Trade and other payables	(1,008)	(717)
Contract liabilities	(2,675)	(1,397)
Cash used in operations	(3,188)	(4,779)
Interest received	183	126
Income tax paid	(127)	(484)
Net cash used in operating activities	(3,132)	(5,137)
Investing activities		
Acquisition of shares in an associate company	–	(200)
Dividend received	–	25
Proceeds from disposal of plant and equipment	5	189
Purchase of plant and equipment*	(347)	(188)
Net cash used in investing activities	(342)	(174)
Financing activity		
Dividend paid, representing net cash used in financing activity	(525)	–
Net change in cash and cash equivalents	(3,999)	(5,311)
Cash and cash equivalents at beginning of financial year	17,881	23,874
Effects of foreign exchange rate changes on cash and cash equivalents	283	(682)
Cash and cash equivalents at end of financial year	14,165	17,881

* In prior financial year, additions of plant and equipment amounted to $209,000 of which $21,000 was unpaid and included in accruals as at 31 March 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

1. GENERAL CORPORATE INFORMATION

Jason Marine Group Limited (the "Company") (Registration Number 200716601W) is a public limited liability company, incorporated and domiciled in the Republic of Singapore with its registered office and principal place of business at 194 Pandan Loop, #06-05 Pantech Business Hub, Singapore 128383. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The ultimate controlling party is Mr Foo Chew Tuck, a Director of the Company.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2019 were authorised for issue in accordance with a Directors' resolution dated 28 June 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

These financial statements are the Group and the Company's first financial statements prepared in accordance with SFRS(I). The Group and the Company have previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRSs"). As required by SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*, the Group and the Company have consistently applied the same accounting policies in its opening statement of financial position at 1 April 2017 and throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. Comparative information for the financial year ended 31 March 2018 in these financial statements have been restated to give effect to these changes and the financial impact on transition from FRS to SFRS(I) are disclosed in Note 31 to the financial statements.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000") as indicated.

The preparation of financial statements in compliance with SFRS(I) requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
SFRS(I) 1-28 (Amendments)	:	Long-term Interests in Associates and Joint Ventures	1 January 2019
SFRS(I) 9 (Amendments)	:	Prepayment Features with Negative Compensation	1 January 2019
SFRS(I) 16	:	Leases	1 January 2019
Annual Improvements to SFRS(I)s 2015 – 2017 Cycle			
– SFRS(I) 3 (Amendments)	:	Business Combinations	1 January 2019
– SFRS(I) 1-12 (Amendments)	:	Income Tax	1 January 2019
SFRS(I) INT 23	:	Uncertainty over Income Tax Treatments	1 January 2019
SFRS(I) 3 (Amendments)	:	Definition of a Business	1 January 2020
SFRS(I) 1-1, SFRS(I) 1-8 (Amendments)	:	Definition of Material	1 January 2020
SFRS(I) 10 and SFRS(I) 1-28	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Consequential amendments were also made to various standards as a result of these new or revised standards.

Management anticipates that the adoption of the above SFRS(I) and SFRS(I) INT in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except as disclosed below.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. SFRS(I) 16 also requires enhanced disclosures by both lessees and lessors.

The Group is in the process of quantifying the potential impact on the adoption of SFRS(I) 16. The Group plans to adopt the standard in the financial year beginning on 1 April 2019 using the modified retrospective method in accordance with the transitional provisions, and therefore will only recognise leases on statement of financial position as at 1 April 2019. The Group will include the required additional disclosures in its financial statements for the financial year ending 31 March 2020.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of subsidiaries, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

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

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

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

2.4 Intangible asset

Computer software

Computer software license is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Computer software license is subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is calculated using the straight-line method to allocate the amount of the computer software over its estimated useful life of three years.

Computer software license is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life and amortisation method are reviewed at each financial year end to ensure that the period of amortisation and amortisation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the computer software.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

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

	Years
Office equipment	7
Furniture and fittings	10
Motor vehicles	5
Electrical fittings	7
Plant and machinery	1-7
Renovation	3
Computers	3

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed at each financial year end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

2.6 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Associates

Associates are entities over which the Group has significant influence. 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.

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associates.

In applying the equity method of accounting, the Group's share of its associate's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method of accounting, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investments in associates.

For financial statements of the associate which are prepared as of the same reporting date of the Company, the most recent available audited financial statements of the associate are used by the Group in applying the equity method, where the date of the audited financial statements used is not co-terminus with that of the Group, the share of results is arrived at from the audited financial statements available and unaudited management financial statements to the end of the financial year.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. 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 determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.9 Inventories

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

Cost is determined on a "weighted average" basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the ordinary course of business less anticipated costs of marketing and distribution. When necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

At each of the reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is possible that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial liabilities.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding advances to suppliers and goods and services tax receivable), cash and cash equivalents and contract assets in the consolidated statement of financial position.

Financial assets at fair value through other comprehensive income ("FVOCI")

The Group has a number of investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. The Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investments, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value reserve.

Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (Continued)

Accounting policy for financial assets prior to 1 April 2018

Financial assets

The Group classifies financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose of which the assets are acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise "trade and other receivables" (excluding advances to suppliers, advances to staff and goods and services tax receivables) and "cash and cash equivalents" on the statements of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other categories. They are included in non-current assets unless the management intends to dispose of the assets within 12 months after the end of the reporting period.

Recognition and derecognition

Financial assets are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

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

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

On derecognition of a financial asset, the difference between the carrying amount and the net consideration proceeds and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Initial and subsequent measurement

Financial assets are initially recognised at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any.

After initial recognition, available-for-sale financial assets are re-measured at fair value with gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (Continued)

Accounting policy for financial assets prior to 1 April 2018 (Continued)

Financial assets (Continued)

Initial and subsequent measurement (Continued)

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

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

Available-for-sale financial assets

Significant or prolonged decline in the fair value of debt or equity security below cost, significant financial difficulties of the issuer or obligor and the disappearance of an active trading market are considerations to determine whether there is objective evidence that the available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in equity is transferred from equity to profit or loss. Reversals of impairment losses in respect of equity instruments is recognised directly in equity except for impairment losses on equity instruments at cost which are not reversed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

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

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

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial guarantee contracts loans commitment and/ or contingent consideration in a business combination.

Trade and other payables

Trade and other payables (excluding customers' deposits, advances from customers and goods and services tax payables) are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of a subsidiary and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if the subsidiary breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Prior to 1 April 2018, financial guarantees were subsequently measured at the higher of amount initially recognised less amortisation and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks and financial institutions. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. The Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

<u>Sale of goods</u>

Revenue from sale of goods which comprise equipment parts is recognised when goods are delivered to the customer, where revenue is recognised at a point in time when the performance obligation to deliver goods to the customer is fulfilled, based on the transaction price stated in the contract, net of any discounts given. Each good delivered to the customer is a single performance obligation.

The Group entered into contracts with customers which comprise the sale and installation of marine satellite, communications and navigational systems. Revenue from sale and installation of marine satellite, communications and navigational systems is recognised over time by reference to management's estimates for similar contracts and the Group's progress towards complete satisfaction of each performance obligation. The stage of completion is measured using the input method by actual costs incurred to date to the estimated total contract costs. The Group progressively invoices the customer on progress claims, where the Group has right over payment over the value of goods transferred to the customer. In the event where the value of goods exceeds the rights of payments from the customer, a contract asset is recognised. Where the payments exceed the value of goods transferred, a contract liability is recognised.

Estimates of revenue or extent of progress toward completion are revised if circumstances changed. Any resulting increase or decrease in estimated revenue are reflected in the profit or loss in the period in which the circumstances give rise to the revision become known by management.

The costs of fulfilling contracts by the customer do not result into a recognition of contract assets if such costs falls within the scope of other SFRS(I)s. The Group will recognise these costs of fulfilling as contract asset only if:

- these costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- these costs generate or enhance resources that will be used in satisfying performance obligations in the future; and
- these costs are expected to be recovered.

<u>Rendering of services</u>

Revenue from rendering of maintenance services is recognised when the services have been performed and accepted by the customers in accordance to the relevant terms and conditions of the contracts. Each promise to deliver services to the customer relates to a single performance obligation, and therefore each transaction price negotiated relates to the performance obligation's standalone price.

The Group also entered into short-term lease contracts of marine satellite equipment with certain customers. Revenue from lease of equipment is recognised over the period of the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Revenue recognition (Continued)

Airtime revenue

Airtime revenue relates to the provision of airtime services for satellite communication system. Revenue from subscription-based contracts for rendering of airtime services is recognised over the period of the contract. Revenue from pre-paid top up credits for rendering of airtime services is recognized at a point in time when the performance obligation is fulfilled.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

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

2.13 Grants

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

2.14 Leases

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over lease term on a straight-line basis.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as leasing income.

2.15 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Taxes

Income tax expense for the financial year comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or other comprehensive income.

Taxable profit differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Current income tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Foreign currency transactions and translation

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

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

For the purpose of presenting consolidated financial statements, the results and financial positions of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rate at the end of the reporting period;

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

(iii) all resulting foreign currency exchange differences are recognised in other comprehensive income and presented in the foreign currency translation account in equity.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recognised as a liability in the financial year in which the dividends are approved by the shareholders.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

3.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's and the Company's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Valuation of financial assets, at fair value through other comprehensive income

The Group has investment in eMarine Global Inc. ("eMarine Global") which is quoted on the OTC Market in the United States of America ("OTC Market"). As eMarine Global's shares were thinly traded on the OTC Market, management carried out an assessment to determine if the OTC Market is active in relation to eMarine Global's shares. The determination of what constitutes an 'active market' requires significant judgement by management, including consideration of the trading volume and level of activity, and circumstances that may indicate that transactions are not orderly. In assessing the trading volume and level of activity of eMarine Global shares, management considered both historical and current frequency and trading volume of eMarine Global shares on OTC Market. Management also considered the financial health, regulatory and legal environment and comparison with recent similar transactions involving market participants in determining if transactions may not be conducted in an orderly manner. Based on management's assessment, the quoted price on the OTC Market is representative of the fair value of eMarine Global's shares as at the reporting date and would be categorised as Level 1 of the fair value hierarchy.

(ii) Impairment of investments in subsidiaries and associates

Management reviews investments in subsidiaries and associates for indication of impairment on an annual basis. Management has evaluated and concluded that there is no indication of impairment in the investments in subsidiaries for the financial year then ended as the subsidiaries are assessed to be commercially viable. The Company's investments in subsidiaries is disclosed in Note 6 to the financial statements.

Impairment losses were recognised for the Group's investments in associates as a certain associate was placed under creditors' voluntary liquidation as disclosed in Note 7 to the financial statements.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty

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

(i) Allowance for inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. Management primarily determines cost of inventories using the weighted average method. Management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provide for excess and obsolete inventories based on historical, estimated future demand and related pricing. In determining excess quantities, management considers inventory forecast uncertainty, recent sales activities, related margin and market positioning of the products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 31 March 2019 is disclosed in Note 13 to the financial statements.

(ii) Allowance for impairment loss of trade and other receivables and contract assets

The Group determines expected credit losses on trade receivables and contract assets from third parties by making individual assessment of expected credit loss for long overdue balances and using a provision matrix for remaining balances that is based on historical credit loss experience, past due status of the balances and adjusted with forward looking assumptions, as appropriate. Management takes into account historical provision trend and other relevant factors. Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. The carrying amounts of the Group's and the Company's trade and other receivables and contract assets as at 31 March 2019 are disclosed in Note 10 and 11 to the financial statements, respectively.

(iii) Revenue from contract with customers

Revenue from sale of marine satellite, communications and navigational systems are recognised over time by reference to contract costs incurred to date in proportion to total estimated contract costs of each contract to account for its contract revenue and the Group's progress towards complete satisfaction of each performance obligation.

In deriving an estimated contract cost for each contract, management has performed cost studies, actual costs for similar contracts and recoverability of variation works by taking into account management's estimate for similar contracts. The estimated contract cost is regularly reviewed and revised, as appropriate. Where the actual contract cost is different from the original estimate, such difference will impact revenue in the period in which such estimate has been changed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. INTANGIBLE ASSET

	Group		
	31 March 2019 $'000	**31 March 2018 $'000**	**1 April 2017 $'000**
Computer software			
Cost			
Balance at beginning of financial year and at end of financial year	650	650	650
Accumulated amortisation			
Balance at beginning of financial year	650	644	619
Amortisation	–	6	25
Balance at end of financial year	650	650	644
Carrying amount			
Balance at end of financial year	–	–	6

The amortisation of computer software costs is included in "General and administrative expenses" line item in the Group's profit or loss for the financial year then ended.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

5. PLANT AND EQUIPMENT

	Office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Electrical fittings $'000	Plant and machinery $'000	Renovation $'000	Computers $'000	Total $'000
Group								
2019								
Cost								
Balance at 1 April 2018	280	311	350	54	1,692	155	706	3,548
Additions	11	5	188	2	113	4	24	347
Written off	(19)	–	(95)	(4)	(15)	–	(41)	(174)
Disposals	(2)	–	(43)	–	–	–	(4)	(49)
Transfer to inventories	–	–	–	–	(723)	–	–	(723)
Currency translation adjustment	–	–	(1)	–	–	–	(1)	(2)
Balance at 31 March 2019	270	316	399	52	1,067	159	684	2,947
Accumulated depreciation								
Balance at 1 April 2018	212	286	263	40	822	148	639	2,410
Depreciation	20	6	60	4	218	4	35	347
Written off	(17)	–	(93)	(4)	(15)	–	(41)	(170)
Disposals	(2)	–	(43)	–	–	–	(4)	(49)
Transfer to inventories	–	–	–	–	(360)	–	–	(360)
Currency translation adjustment	–	–	(1)	–	–	–	(1)	(2)
Balance at 31 March 2019	213	292	186	40	665	152	628	2,176
Carrying amount								
Balance at 31 March 2019	57	24	213	12	402	7	56	771
2018								
Cost								
Balance at 1 April 2017	267	343	349	72	1,947	173	716	3,867
Additions	14	–	–	–	154	7	34	209
Written off	(1)	(32)	–	(18)	(229)	(25)	(36)	(341)
Disposals	–	–	–	–	(178)	–	(8)	(186)
Currency translation adjustment	–	–	1	–	(2)	–	–	(1)
Balance at 31 March 2018	280	311	350	54	1,692	155	706	3,548
Accumulated depreciation								
Balance at 1 April 2017	193	305	216	54	826	170	640	2,404
Depreciation	20	7	46	4	272	3	43	395
Written off	(1)	(26)	–	(18)	(229)	(25)	(36)	(335)
Disposals	–	–	–	–	(45)	–	(8)	(53)
Currency translation adjustment	–	–	1	–	(2)	–	–	(1)
Balance at 31 March 2018	212	286	263	40	822	148	639	2,410
Carrying amount								
Balance at 1 April 2017	74	38	133	18	1,121	3	76	1,463
Balance at 31 March 2018	68	25	87	14	870	7	67	1,138

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

6. INVESTMENTS IN SUBSIDIARIES

	Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Unquoted equity shares, at cost	16,100	16,100	16,100
Allowance for impairment loss	(545)	(620)	(620)
	15,555	15,480	15,480

Movements in the allowance for impairment loss are as follows:

	Company	
	2019 $'000	2018 $'000
At 1 April	620	620
Reversal of impairment loss during the year	(75)	–
At 31 March	545	620

A reversal of an allowance for impairment loss of $75,000 was recognised as the Company carried out a review of the recoverable amount of the investment in a subsidiary which was profitable for the financial year then ended. The recoverable amount has been determined based on the net assets of the subsidiary, which comprise mainly of current and liquid assets, which approximates fair value less cost of disposal.

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group			Proportion of ownership interest held by non-controlling interests		
		31 March 2019 %	31 March 2018 %	1 April 2017 %	31 March 2019 %	31 March 2018 %	1 April 2017 %
Held by the Company							
Jason Electronics (Pte) Ltd[1] (Singapore)	Design, integration, installation and commissioning of radio, satellite communication and navigational systems	100	100	100	–	–	–
Jason Asia Pte Ltd[1] (Singapore)	Sales and service of marine communication and navigational systems	100	100	100	–	–	–
Jason Venture Pte. Ltd.[1] (Singapore)	Investment holding	100	100	100	–	–	–
Jason Energy Pte. Ltd.[1] (Singapore)	Sales and service of marine communication, navigational and automation systems	100	100	100	–	–	–
Marine Innovation Pte. Ltd.[1] (Singapore)	Sales and service of marine communication, navigational and automation systems	100	100	100	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group			Proportion of ownership interest held by non-controlling interests		
		31 March 2019 %	31 March 2018 %	1 April 2017 %	31 March 2019 %	31 March 2018 %	1 April 2017 %
Held by Jason Venture Pte. Ltd.							
Jason Elektronik (M) Sdn. Bhd.[(2)] (Malaysia)	Trading and servicing of communication, navigational and automation systems	100	100	100	–	–	–
Jason (Shanghai) Co., Ltd[(3)] (People's Republic of China)	Sales and service of radio, satellite communication and navigational systems	100	100	100	–	–	–
PT Jason Elektronika[(4)] (Indonesia)	Import trading, maintenance and support services of communication, navigational and automation equipment and spares	99	99	99	–	–	–
Jason Korea Co., Ltd.[(5)] (South Korea)	Manufacturing, sales and service of marine offshore and industrial communication, navigational and automation systems	51	51	51	49	49	49
Koden Singapore Pte. Ltd.[(1)] (Singapore)	Marketing, sales, distribution and servicing of marine electronic products	60	60	60	40	40	40
Held by Jason Asia Pte Ltd							
PT Jason Elektronika[(4)] (Indonesia)	Import trading, maintenance and support services of communication, navigational and automation equipment and spares	1	1	1	–	–	–

(1) Audited by BDO LLP, Chartered Accountants, Singapore
(2) Audited by UHY, Chartered Accountants, Malaysia
(3) Audited by SBA Stone Forest Shanghai, Certified Public Accountants (Partnership), People's Republic of China
(4) Audited by Tanubrata Sutanto Fahmi & Rekan, a member of BDO International Limited, Indonesia
(5) Not required to be audited in the country of incorporation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

7. INVESTMENTS IN ASSOCIATES

	Group 31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Unquoted equity shares, at cost	1,708	1,458	608
Acquisition of shares in an associate company	–	250	850
Share of post-acquisition results	(1,631)	(1,220)	(341)
	77	488	1,117

During the financial year, the Group recognised $411,000 (2018: $879,000) share of losses after tax in the profit or loss.

The details of the associates are as follows:

Name of associates (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held by the Group 31 March 2019 %	31 March 2018 %	1 April 2017 %
Jason Electronics (Thailand) Co., Ltd[1] (Thailand)	Sales and service of radio, satellite communications and navigational system	49	49	49
iPromar (Pte.) Ltd.[2] (Singapore)	Process plant and engineering services	25	25	25
Sense Infosys Pte. Ltd.[3] (Singapore)	Provision of consultancy and software development and marine networking and communication	24	24	24

(1) Audited by BDO Limited, a member of BDO International Limited, Thailand
(2) Not audited, the company intends to process for striking off
(3) In the process of liquidation

On 23 April 2019, the Company announced that Sense Infosys Pte. Ltd ("Sense Infosys"), a 24%-owned associated company held through Jason Venture Pte. Ltd. ("JVPL") (a wholly-owned subsidiary of the Group), has been placed under creditors' voluntary liquidation with effect from 23 April 2019 pursuant to a resolution passed at the extraordinary general meeting of Sense Infosys and confirmation by the creditors of Sense Infosys at a creditors' meeting, both held on 23 April 2019.

JVPL had on 5 April 2019 issued a notice to Sense Infosys as well as to the joint guarantors of the convertible loan, namely Mr Chow Ngee Ken and Mr Yong Kai Chin who are Directors and shareholders of Sense Infosys (the "Guarantors"), to recall the principal amount of the convertible loan plus accrued interest. Subsequently, on 6 June 2019, JVPL through its lawyers further issued a notice to the Guarantors to demand payment by 4 July 2019.

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

Management has assessed and determined that the investment in Sense Infosys and convertible loans drawn down by Sense Infosys are unlikely to be recoverable as Sense Infosys was in a net liability position and the Guarantors have not made any payment as at the date of the financial statements due to financial difficulties. As a result, the Group recognised the following losses for the financial year ended 31 March 2019:

- Group's share of Sense Infosys's losses of $416,000 such that the Group's investment in Sense Infosys was reduced to $Nil;
- Allowance for impairment loss of $851,000 for convertible loans and other receivables due from Sense Infosys (Note 10); and
- Fair value loss of $931,000 in relation to the change in fair value of profit guarantee arising from investment in Sense Infosys recognised in the previous financial year (Note 16).

Summarised financial information (material associate)

Summarised statement of financial position as at	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Sense Infosys Pte. Ltd.			
Current assets	786	1,479	920
Non-current assets	2,509	1,685	998
Current liabilities	(6,306)	(3,826)	(633)
Non-current liabilities	–	(648)	(391)
Net (liabilities)/assets	(3,011)	(1,310)	894

Summarised statement of comprehensive income for the financial year ended 31 March	2019 $'000	2018 $'000
Revenue	2,152	1,807
Net loss representing total comprehensive income for the financial year	(3,160)	(2,444)
Carrying value of material associate		
At 1 April	416	1,012
Less: Share of post-acquisition results	(416)	(596)
At 31 March	–	416

The following table summarises, in aggregate, the Group's share of losses and other comprehensive income of the Group's individually immaterial associated companies accounted for using the equity method:

Summarised statement of comprehensive income for the financial year ended 31 March	2019 $'000	2018 $'000
Net profit/(loss) representing total comprehensive income for the financial year	10	(608)
Carrying value of immaterial associates		
At 1 April	72	105
Additional investment	–	250
Add: Share of post-acquisition results	5	(283)
At 31 March	77	72

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7. INVESTMENTS IN ASSOCIATES (CONTINUED)

The activities of the associates are strategic to the Group's activities. The Group has not recognised losses relating to certain associates where their share of losses exceeds the Group's carrying amount of its investment in these associates. The Group's cumulative share of unrecognised losses were $369,000 (2018: $72,000). The Group has no obligation in respect of those losses.

On 15 December 2017, a wholly-owned subsidiary of the Company, Jason Venture Pte. Ltd. has elected to convert the convertible loan previously extended by itself to iPromar comprising principal amount of $50,000 into fully paid new ordinary shares in the share capital of iPromar at a conversion price of $1.00 per share. In addition, Jason Venture Pte. Ltd. also subscribed to additional 200,000 shares at $1.00 per share in the share capital of iPromar. Accordingly, iPromar has issued and allotted to Jason Venture Pte. Ltd. an aggregate of 250,000 shares at $1.00 per share.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Beginning of financial year	23,537	592	662
Reclassification at 1 April 2018 (Note 9)	(23,537)	–	–
Addition	–	–	99
Fair value changes recognised in other comprehensive income	–	22,979	–
Impairment loss	–	(34)	(169)
End of financial year	–	23,537	592

	Group	
	31 March 2018 $'000	1 April 2017 $'000
Quoted equity securities:		
– Singapore Exchange Securities Trading Limited in Singapore	65	99
– OTC Market in the United States of America	23,258	–
Unquoted equity securities, at fair value	–	279
Unquoted equity securities, at cost	214	214
	23,537	592

In prior financial year, the Group recognised an impairment loss of $34,000 on Vallianz Holdings Limited ("Vallianz") based on the closing quoted market price.

In prior financial year, e-Marine Co., Ltd. ("e-Marine"), undertook a corporate exercise pursuant to which it became a wholly-owned subsidiary of Pollex, Inc. ("Pollex") which is listed on the OTC Market in the United States of America ("OTC Market"). As a result of the corporate exercise, the Group's equity interest of approximately 9.6% (23,486 shares) in e-Marine was exchanged into approximately 6.0% (1,363,953 shares) in Pollex. Pollex subsequently changed its name to eMarine Global Inc. ("eMarine Global") in September 2017. The Group's equity interest of 6.0% in eMarine Global was subject to a lock-up period of 6 months from July 2017 which has expired on January 2018.

The fair value of the Group's investment in quoted equity securities were based on the closing quoted market price on the last market trading day of the financial year.

In the prior year, certain investments in unquoted equity securities were stated at cost less impairment loss, as these securities had no quoted prices and their fair value could not be determined reliably using valuation techniques.

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

9. FINANCIAL ASSETS, AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group 31 March 2019 $'000
Beginning of the financial year	–
Reclassification from available–for–sale financial assets (Note 8)	23,537
Fair value changes recognised in other comprehensive income, net[1]	(19,643)
End of financial year	3,894
Quoted equity securities:	
– Singapore Exchange Securities Trading Limited in Singapore	30
– OTC Market in the United States of America	3,514
Unquoted equity securities	350
	3,894

At 1 April 2018, the Group designated the investments shown above as equity investments as at FVOCI because these equity investments represent investments that the Group intends to hold for the long-term for strategic purposes. Accordingly, management has elected to designate these investments in equity instruments as FVOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long-term. In prior financial year, these investments were classified as available-for-sale financial assets under FRS 39.

No investment in equity instruments measured at FVOCI has been disposed during the current reporting period.

The fair value of the Group's investment in unquoted equity securities was valued by an independent valuation firm and the valuation techniques used to derive the fair value is market approach.

(1) Fair value changes recognised in other comprehensive income include eMarine Global's net fair value loss of $19,744,000 (2018: net fair value gain of $22,979,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

10. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Non-current						
Finance lease receivables – third parties	–	57	136	–	–	–
Current						
Trade receivables						
– third parties	5,093	9,867	6,352	–	–	–
– finance lease receivables – third parties	58	72	74	–	–	–
– goods and services tax receivables	97	–	96	–	–	–
	5,248	9,996	6,658	–	–	–
Allowance for impairment loss on doubtful trade receivables – third parties	(796)	(1,712)	(1,776)	–	–	–
Trade receivables from third parties	4,452	8,284	4,882	–	–	–
Trade receivables from an associate	91	81	38			
Trade receivables from a related party	–	2	–	–	–	–
	4,543	8,367	4,920	–	–	–
Other receivables						
– third parties	78	533	546	25	12	3
– subsidiaries	–	–	–	578	678	568
– an associate	851	669	54	–	–	–
	929	1,202	600	603	690	571
Allowance for impairment loss on doubtful other receivables – third parties	(14)	(486)	(518)	–	–	–
Allowance for impairment loss on doubtful other receivables – a subsidiary	–	–	–	(578)	–	–
Allowance for impairment loss on doubtful other receivables – an associate	(851)	–	(50)	–	–	–
	64	716	32	25	690	571
Security and other deposits	104	138	124	–	–	–
Advances to suppliers	771	94	187	–	4	4
Advances to staff	14	6	14	–	–	–
Trade and other receivables	5,496	9,321	5,277	25	694	575
Add:						
– Contract assets (Note 11)	6,422	2,719	365	–	–	–
– Cash and cash equivalents (Note 14)	14,165	17,881	23,874	7,452	7,278	6,996
Less:						
– Advances to suppliers	(771)	(94)	(187)	–	(4)	(4)
– Goods and services tax receivables	(97)	–	(96)	–	–	–
Financial assets carried at amortised cost/ Loans and receivables (2018;2017)	25,215	29,827	29,233	7,477	7,968	7,567

Trade receivables are unsecured, interest-free and generally on 30 to 90 (31 March 2018 and 1 April 2017: 30 to 90) days credit terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

Other receivables (non-trade) due from third parties are unsecured, interest-free with fixed repayment terms.

Other receivables (non-trade) due from subsidiaries and an associate are unsecured, interest-free, and repayable on demand.

Advances to suppliers pertain to the payments made in advance for the purchase of inventories.

Advances to staff is unsecured, interest-free and repayable on demand.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in allowance for impairment loss on doubtful trade receivables from third parties are as follows:

	Group	
	2019 $'000	2018 $'000
At 1 April under FRS 39	1,712	1,776
Application of SFRS(I) 9	114	–
At 1 April under SFRS(I) 9	1,826	1,776
Allowance made during the financial year	126	103
Write-back of allowance during the financial year	(41)	(81)
Allowance written off during the financial year	(1,138)	(48)
Currency translation differences	23	(38)
At 31 March	796	1,712

The write-back of allowance for impairment loss on doubtful trade receivables from third parties amounting to approximately $41,000 (2018: $81,000) was recognised in profit or loss when the related trade receivables were subsequently recovered.

Movements in allowance for impairment loss on doubtful other receivables from third parties are as follows:

	Group	
	31 March 2019 $'000	31 March 2018 $'000
Balance at beginning of financial year	486	518
Allowance written off during the financial year	(487)	–
Currency differences	15	(32)
Balance at end of financial year	14	486

Movements in allowance for impairment loss on doubtful other receivables from an associate are as follows:

	Group	
	31 March 2019 $'000	31 March 2018 $'000
Balance at beginning of financial year	–	50
Allowance made during the financial year	851	–
Write-back of allowance during the financial year	–	(50)
Balance at end of financial year	851	–

As at 31 March 2019, a full impairment loss on other receivables (non-trade) due from an associate i.e. Sense Infosys Pte. Ltd. ("Sense Infosys") was recognised as Sense Infosys was placed under creditors' voluntary liquidation as disclosed in Note 7 to the financial statements.

Included in this balance, a convertible loan (principal amount plus accrued interest) amounting to $791,000 which the Group granted to Sense Infosys for working capital purposes. The loan bears interest at 12% per annum, and in accordance with the loan agreement, the Group may, in its absolute discretion, at any time, on one occasion, from the date of last drawdown of the convertible loan to the later of 1) 24 months from the date of the last drawdown or 2) the completion of next round of fund-raising by Sense Infosys convert the convertible loan into convertible preference shares of Sense Infosys in accordance to the terms stipulated in the agreement.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in allowance for impairment loss on doubtful other receivables from a subsidiary are as follows:

	Company	
	31 March 2019 $'000	31 March 2018 $'000
Balance at beginning of financial year	–	–
Allowance made during the financial year	578	–
Balance at end of financial year	578	–

As at 31 March 2019, a full impairment loss of $578,000 on other receivable due from a subsidiary, Jason Venture Pte. Ltd. ("JVPL") was recognised as JVPL suffered financial loss as the investment in an associate (i.e. Sense Infosys) held by JVPL, was placed under creditors' voluntary liquidation as disclosed in Note 7 to the financial statements.

Finance lease receivables

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Amount receivable under finance leases						
Within one year	59	76	82	58	72	74
In second to fifth year inclusive	–	58	141	–	57	136
	59	134	223	58	129	210
Less: Unearned finance income	(1)	(5)	(13)	–	–	–
Present value of minimum lease payments receivables	58	129	210	58	129	210

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Analysed as:			
Current	58	72	74
Non-current	–	57	136
	58	129	210

The Group enters into finance lease arrangements for certain of its marine equipment for a term of 3 years. All leases are denominated in United States dollar.

Finance lease receivables are secured over the marine equipment leased. The Group is not permitted to sell or pledge the collateral in the absence of default by the lessee. However, in the event of default, the Group is entitled to sell the asset, and has right to any proceeds from such a sale up to the total lease receivables from the lessee.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Finance lease receivables (Continued)

The currency profiles of trade and other receivables as at the end of the reporting period are as follows:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
United States dollar	3,161	5,707	2,600	–	–	–
Singapore dollar	1,749	3,300	1,845	25	694	575
Euro	325	86	604	–	–	–
Chinese renminbi	46	56	113	–	–	–
Others	215	172	115	–	–	–
	5,496	9,321	5,277	25	694	575

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Contract assets			
– sale of marine satellite, communications and navigational systems	6,523	2,823	365
– allowance for impairment loss on contract assets	(101)	(104)	–
	6,422	2,719	365
Contract liabilities			
– sale of marine satellite, communications and navigational systems	3,453	6,128	7,525

The contract assets mainly relate to the Group's rights to consideration for sale and installation of marine satellite, communications and navigational systems but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional.

The contract liabilities mainly relate to the Group's obligation for sale and installation of marine satellite, communications and navigational systems to customers for which the Group has received advances from customers ahead of the sale and installation of marine satellite, communications and navigational systems.

11. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(a) Revenue recognised in relation to contract liabilities

	2019 $'000	2018 $'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
– sale of marine satellite, communications and navigational systems	3,497	3,609

(b) Significant changes in contract assets

Contract assets in relation to marine satellite, communications and navigational systems amounting to $1,375,000 (2018: $2,358,000) have been transferred to trade receivables when the rights become unconditional.

Movements in allowance for impairment loss on contract assets are as follows:

	Group	
	31 March 2019 $'000	31 March 2018 $'000
Balance at beginning of financial year	104	–
Allowance made during the financial year	–	104
Currency translation differences	(3)	–
Balance at end of financial year	101	104

As at 31 March 2019, impairment loss on contract assets from two customers was recognised as they are not likely to repay the outstanding balances mainly due to economic circumstances or who have defaulted in payment terms.

(c) Remaining performance obligation

Certain contracts have been entered into for which both:

- the original contractual period was greater than 12 months; and
- the Group's right to consideration does not correspond directly with the performance.

As of 31 March 2019, the aggregate amount of the transaction price allocated to the remaining performance obligations is $24,612,000 and the Group will recognise the revenue as the work is completed, which is expected to occur over the next 24 months.

As permitted under the transitional provisions in SFRS(I) 15, the transaction price allocated to the remaining performance obligations as at 31 March 2018 and 1 April 2017 is not disclosed.

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Deferred tax assets			
Balance at beginning of financial year	1	1	1
Credited to profit or loss	(1)	–	–
Balance at end of financial year	–	1	1
Deferred tax liabilities			
Balance at beginning of financial year	(51)	(50)	(50)
Charged/(Credited) to profit or loss	48	(1)	–
Balance at end of financial year	(3)	(51)	(50)

Deferred tax assets/(liabilities) arise as a result of temporary differences between the tax written down values and the carrying amounts of plant and equipment computed at the prevailing statutory income tax rate of 17% (31 March 2018 and 1 April 2017: 17%).

13. INVENTORIES

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Trading goods	4,632	3,071	4,352

The cost of inventories recognised as an expense and included in "Cost of sales" line item in profit or loss was approximately $11,825,000 (2018: $15,560,000) for the financial year ended 31 March 2019.

As at 31 March 2019, the Group carried out a review of the realisable value of its inventories and the review led to a reversal of allowance for inventory obsolescence of $66,000 (2018: $83,000) included in "Other income" line item in profit or loss. The write-back of allowance for inventory obsolescence was made as the related inventories were sold above their carrying amounts.

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14. CASH AND CASH EQUIVALENTS

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Fixed deposits	9,844	12,840	12,257	6,984	7,122	3,844
Cash and bank balances	4,321	5,041	11,617	468	156	3,152
Cash and cash equivalents as per statements of financial position	14,165	17,881	23,874	7,452	7,278	6,996

Fixed deposits are placed between one month to six months (31 March 2018 and 1 April 2017: one month to six months) from the end of the reporting period and the effective interest rates on the fixed deposits were 0.20% to 6.25% (31 March 2018: 0.50% to 5.50%, 1 April 2017: 0.62% to 5.75%) per annum.

For the purpose of presenting consolidated statement of cash flows, cash and cash equivalents include short-term deposits with an average maturity of more than 3 months, as there is no significant cost or penalty in converting these deposits into liquid cash before maturity.

The currency profiles of cash and cash equivalents as at the end of the reporting period are as follows:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
United States dollar	4,498	9,497	13,737	341	1,482	2,975
Singapore dollar	7,686	6,968	8,222	7,111	5,796	4,021
Ringgit Malaysia	340	321	297	–	–	–
Indonesian rupiah	612	436	516	–	–	–
Euro	327	627	969	–	–	–
Chinese renminbi	688	20	123	–	–	–
Others	14	12	10	–	–	–
	14,165	17,881	23,874	7,452	7,278	6,996

15. TRADE AND OTHER PAYABLES

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Trade payables						
– third parties	3,140	2,538	3,000	–	–	–
– goods and services tax payables	8	435	–	–	–	–
– an associate	6	16	24	–	–	–
– non-controlling interests	208	636	402	–	–	–
	3,362	3,625	3,426	–	–	–
Other payables						
– third parties	131	128	300	3	14	19
Accrued expenses	1,150	1,251	1,451	266	284	255
Customers' deposits						
– third parties	394	474	513	–	–	–
Advances from customers	530	1,103	1,608	–	–	–
Total trade and other payables	5,567	6,581	7,298	269	298	274
Less:						
– Customers' deposits	(394)	(474)	(513)	–	–	–
– Advances from customers	(530)	(1,103)	(1,608)	–	–	–
– Goods and services tax payables	(8)	(435)	–	–	–	–
Financial liabilities carried at amortised cost	4,635	4,569	5,177	269	298	274

Trade payables are unsecured, interest-free and repayable within the normal trade credit terms of 30 to 120 (31 March 2018 and 1 April 2017: 30 to 120) days.

Other payables (non-trade) due to third parties are unsecured, interest-free and repayable on demand.

The currency profiles of trade and other payables, as at the end of the reporting period are as follows:

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Singapore dollar	1,913	3,112	3,035	269	298	274
United States dollar	2,097	1,715	2,169	–	–	–
Euro	840	583	851	–	–	–
Chinese renminbi	411	448	774	–	–	–
British pound	14	77	50	–	–	–
Japanese yen	63	513	199	–	–	–
Others	229	133	220	–	–	–
	5,567	6,581	7,298	269	298	274

16. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Assets			
Put option	249	–	1,618
Profit guarantee	–	931	–
Foreign currency forward contracts	5	24	–
	254	955	1,618

Put option arising from investment in eMarine Global Inc. ("eMarine Global")

In 2011, the Group entered into a shareholder agreement where a put option had been granted in respect of 23,486 common shares held in e-Marine Co., Ltd. The put option, if exercised, will give the Group the right to sell 23,486 shares for KRW44,069 per share, plus interest accrued on the aggregate consideration at a rate of 5.38% per annum for the period from 28 October 2011 to the date the put option is exercised. The exercise period of the put option is from 1 January 2017 to 31 December 2019.

Pursuant to the corporate exercise to which e-Marine Co., Ltd became a wholly-owned subsidiary of Pollex, Inc, the shareholder agreement entered into with Mr Ung Gyu Kim ("Mr Kim") was revised on 30 August 2017. The put option, if exercised, will give the Group the right to sell 1,363,953 shares in eMarine Global for KRW759 per share, plus interest accrued on the aggregate consideration at a rate of 5.38% per annum for the period from 28 October 2011 to the date the put option is exercised. The exercise period of the put option is from 1 January 2017 to 31 December 2019. On 18 January 2019, the Group entered into an amended and restated agreement and extended the expiration date of the put option from 31 December 2019 to 31 December 2022.

As at 31 March 2019, the fair value of the put option contract is estimated to be $249,000 (31 March 2018: $Nil, 1 April 2017: $1,618,000). The fair value of the put option in eMarine Global was valued by an independent valuation firm and the valuation techniques used to derive the fair value of the put option is disclosed in Note 30.6 to the financial statements.

Profit guarantee arising from investment in an associate, Sense Infosys Pte. Ltd. ("Sense Infosys") Series A and Series A2 Convertible Preference Shares ("CPS Series A" and "CPS Series A2")

The Group entered into CPS Series A and Series A2 agreements with Sense Infosys on 15 January 2015 and 25 April 2016 respectively. In the event that Sense Infosys is not able to achieve a pre-specified consolidated net profit target for the financial year ended 31 March 2019, the Group shall be issued such number of bonus Series CPS based on a specified formula in the agreements.

As at 31 March 2019, the fair value of profit guarantee is estimated to be $Nil (31 March 2018: $931,000, 1 April 2017: $Nil) as Sense Infosys was placed under creditors' voluntary liquidation as disclosed in Note 7 to the financial statements. The fair value of the profit guarantee was valued by an independent valuation firm and the valuation techniques used to determine the fair value of the profit guarantee is disclosed in Note 30.6 to the financial statements.

16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency forward contracts

The Group utilises currency derivatives to manage its exposure to foreign exchange movements arising from its foreign currency denominated business transactions.

The Group is a party to foreign currency forward contract in the management of its exchange rate exposure. The instrument purchased is primarily denominated in the currencies of the Group's principal markets.

As at the end of the reporting period, the outstanding forward foreign currency contracts and foreign currency option contracts to which the Group committed are as follows:

	Foreign currency			Notional amount			Fair value		
	31 March 2019 USD'000	31 March 2018 USD'000	1 April 2017 USD'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Forward foreign currency contracts:									
– Buy United States dollar	2,500	–	–	3,375	–	–	4	–	–
– Sell United States dollar	–	500	–	–	679	–	–	24	–
Foreign currency option contracts:									
– Buy United States dollar	2,000	–	–	(2,640)	–	–	19	–	–
– Sell United States dollar	2,000	–	–	2,760	–	–	(18)	–	–

The fair value of the forward foreign currency contracts and foreign currency option contracts are determined based on quoted market prices for equivalent forward foreign currency contract at the end of the reporting period.

The forward foreign currency contracts and foreign currency option contracts are to be settled within 11 (31 March 2018: 1) months after the end of the reporting period on a gross basis.

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17. SHARE CAPITAL

	Group and Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Issued and fully-paid			
106,000,000 ordinary shares at beginning and end of financial year	17,967	17,967	17,967

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

18. TREASURY SHARES

	Group and Company					
	Number of ordinary shares			Amount		
	31 March 2019 '000	31 March 2018 '000	1 April 2017 '000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Balance at beginning and end of financial year	1,000	1,000	1,000	255	255	255

19. FAIR VALUE ADJUSTMENT RESERVE

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of financial assets measured at FVOCI or available-for-sale financial assets under FRS 39 until they are derecognised. Upon derecognition, the cumulative fair value changes will be transferred to retained earnings.

20. FOREIGN CURRENCY TRANSLATION ACCOUNT

The foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and is not distributable.

21. REVENUE

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors; and
- enable users to understand the relationship with revenue segment information provided in Note 29 to the financial statements.

	Group	
	2019 $'000	2018 $'000
Type of goods and services		
Sale of goods	20,860	22,860
Rendering of services	6,151	6,271
Airtime revenue	1,991	2,515
	29,002	31,646

	Sale of goods $'000	Rendering of services $'000	Airtime revenue $'000	Total $'000
Timing of transfer of goods and services				
2019				
Point in time	8,905	5,490	670	15,065
Over time	11,955	661	1,321	13,937
	20,860	6,151	1,991	29,002
2018				
Point in time	6,611	5,508	651	12,770
Over time	16,249	763	1,864	18,876
	22,860	6,271	2,515	31,646

22. OTHER INCOME

	Group	
	2019 $'000	2018 $'000
Dividend income	–	25
Write-back of trade payables	6	22
Foreign exchange gain, net	504	–
Gain on disposal of plant and equipment	5	55
Government grants	214	258
Interest income	219	126
Marketing income	43	77
Sundry income	52	419
Write-back of allowance for impairment loss on doubtful third parties trade and other receivables	41	131
Write-back of allowance for inventory obsolescence	66	83
	1,150	1,196

23. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2019 $'000	2018 $'000
Cost of sales		
Depreciation of plant and equipment	203	257
Distribution costs		
Advertisement and promotion	63	144
Entertainment	118	90
Transportation and travelling	182	225
General and administrative expenses		
Amortisation of intangible asset	–	6
Audit fees		
– auditors of the Company	95	85
– other auditors	17	17
Non-audit fees – other auditors	14	–
Depreciation of plant and equipment	144	138
Legal and professional fees	529	632
Operating lease expenses		
– rental of office equipment	24	25
– rental of office premises	447	439
Other expenses		
Impairment loss on available–for–sale financial assets	–	34
Fair value loss on derivative financial instruments, net	677	663
Foreign exchange loss, net	–	930
Impairment loss of financial assets		
Allowance for impairment loss:		
– trade receivables – third parties	126	103
– other receivables – an associate	851	–
– contract assets	–	104

The profit before income tax also includes:

	Group	
	2019 $'000	2018 $'000
Employee benefits expense		
Salaries, wages and bonuses	7,436	7,254
Contributions to defined contribution plans	1,005	913
Other employee benefits	129	154
	8,570	8,321

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

23. PROFIT BEFORE INCOME TAX (CONTINUED)

The employee benefits expense are recognised in the following line items in profit or loss:

	Group	
	2019 $'000	2018 $'000
Cost of sales	2,310	2,401
Distribution costs	4,482	3,582
General and administrative expenses	1,778	2,338
	8,570	8,321

The employee benefits expense include the remuneration of Directors as shown in Note 28 to the financial statements.

24. INCOME TAX EXPENSE

	Group	
	2019 $'000	2018 $'000
Current income tax		
– current financial year	459	136
– over provision in respect of prior financial years	(4)	(12)
	455	124
Deferred income tax		
– (over)/under provision in respect of prior financial years	(46)	1
Total income tax expense recognised in profit or loss	409	125

Reconciliation of effective income tax rate

	Group	
	2019 $'000	2018 $'000
Profit before income tax	612	192
Share of results of associates	411	879
	1,023	1,071
Income tax calculated at Singapore's statutory income tax rate of 17% (2018: 17%)	174	182
Effect of different income tax rates in other countries	(11)	(20)
Expenses not deductible for income tax purposes	325	396
Income not subject to income tax	(33)	(57)
Enhanced tax deduction and tax rebate	(1)	(10)
Tax exemption	(40)	(35)
Deferred tax assets not recognised	98	50
Over provision in respect of prior financial years	(50)	(11)
Utilisation of deferred tax assets previously not recognised	(41)	(295)
Others	(12)	(75)
Total income tax expense recognised in profit or loss	409	125

24. INCOME TAX EXPENSE (CONTINUED)

As at 31 March 2019, the Group has unutilised tax losses of approximately $1,581,000 (2018: $1,330,000) and other deductible temporary differences of $13,000 (2018: $392,000) that are available for offset against future taxable profits of the Group, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations. No deferred tax asset has been recognised on these tax losses and other deductible temporary differences as there is no certainty that there will be sufficient future taxable profits to realise these future benefits.

The total unutilised tax losses of the Group included that of a subsidiary which is in People's Republic of China amounting to $1,175,000 (2018: $937,000) can only be utilised for set-off against its future taxable profits within five years from the date the tax losses were incurred. The breakdown of total unutilised tax losses of a subsidiary which is in People's Republic of China are as follows:

	2019		2018	
Year of tax losses	$'000	Expiry date	$'000	Expiry date
2016	211	Dec–2020	211	Dec–2020
2017	527	Dec–2021	527	Dec–2021
2018	199	Dec–2022	199	Dec–2022
2019	238	Dec–2023	–	–

The unrecognised deferred tax assets relating to certain subsidiaries have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, the deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.16 to the financial statements.

25. EARNINGS PER SHARE

The calculation for earnings per share is based on:

	Group	
	2019	2018
Profit attributable to owners of the parent ($'000)	191	45
Actual number of ordinary shares in issue during the financial year applicable to basic earnings per share ('000)	105,000	105,000
– Basic and diluted earnings per share (in cents)	0.18	0.04

Basic earnings per share is calculated by dividing the profit for the financial year attributable to owners of the parent by the actual number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings per share is equivalent to basic earnings per share for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

26. DIVIDENDS

	Group and Company	
	2019	2018
	$'000	$'000
Final tax-exempt dividend of 0.50 cent per share in respect of financial year ended 31 March 2018	525	–

The Directors recommend final tax-exempt dividend of $0.50 cent per share amounting to a total of approximately $525,000 to be paid in respect of the current financial year ended 31 March 2019. The final tax-exempt dividend has not been recognised as a liability at the end of the reporting period as it is subject to approval by shareholders at the Company's annual general meeting to be held in July 2019.

27. OPERATING LEASE COMMITMENTS

Group as a lessor

The Group has entered into commercial leases on its maritime equipment. These non-cancellable leases have remaining lease terms of one year (2018: one year). Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2019	2018
	$'000	$'000
Not later than one financial year	–	222

Group as a lessee

The minimum lease commitments under non-cancellable operating leases in respect of office premises and office equipment contracted for as at the end of the reporting period are as follows:

	Group	
	2019	2018
	$'000	$'000
Not later than one financial year	419	430
After one financial year but not later than five financial years	23	106
	442	536

The above operating lease commitments are based on existing rental rates. The lease agreements provide for periodic revision of such rates in future. The leases typically run for an initial period of 1 to 2 (2018: 1 to 2) years, with an option to renew the lease for another 1 (2018: 1) year.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, in addition to those related party information disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at rates and terms agreed:

	Group	
	2019	2018
	$'000	$'000
Related parties		
Rental expense for office premises*	221	219
Purchases**	700	1,148
Associates		
Sales	142	86
Services	333	74

* The Group has entered into a lease arrangement of office premises with JE Holdings Pte Ltd, Unity Consultancy Pte Ltd and Jason Harvest Pte Ltd, companies in which one of its Directors, Mr Foo Chew Tuck has beneficial interests.

** The Group has made purchases from Koden Electronics Co., Ltd, incorporated in Japan, who is one of the non-controlling interests of a subsidiary.

Compensation of key management personnel

The remuneration of the Directors of the Company who are also the key management personnel of the Group during the financial year are as follows:

	Group	
	2019	2018
	$'000	$'000
Short-term employee benefits	371	692
Gratuity benefits	–	226
Post-employment benefits	6	18
Directors' fees	173	173
	550	1,109

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

29. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management considers the business from both geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, People's Republic of China, Indonesia, Malaysia, Germany, Denmark and other countries. These locations are engaged in sale of goods, rendering of services and airtime revenue.

Sale of goods relates to the design, supply and sale of marine, communication, navigation and automation equipment. Rendering of services relates to the provision of maintenance and support services including repair works, troubleshooting, commissioning, radio survey and annual performance tests. Airtime revenue relates to provision of airtime for the satellite communication system.

The Group's reportable segments are strategic units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before income tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, which approximate market prices. These inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

29. SEGMENT INFORMATION (CONTINUED)

	Sale of goods $'000	Rendering of services $'000	Airtime revenue $'000	Unallocated $'000	Eliminations $'000	Total $'000
2019						
Revenue						
External revenue	20,860	6,151	1,991	–	–	29,002
Inter-segment revenue	887	898	1	–	(1,786)	–
	21,747	7,049	1,992	–	(1,786)	29,002
Results						
Fair value loss on derivative financial instruments, net	–	–	–	(677)	–	(677)
Gain on disposal of plant and equipment	–	5	–	–	–	5
Write-back of allowance for impairment loss on doubtful third parties trade and other receivables	13	11	17	–	–	41
Impairment loss on financial assets	(20)	(83)	(44)	(830)	–	(977)
Write-back of allowance for inventory obsolescence	66	–	–	–	–	66
Interest income	–	–	–	219	–	219
Depreciation of plant and equipment	(57)	(244)	(6)	(40)	–	(347)
Share of results of associates	–	–	–	(411)	–	(411)
Segment profit/(loss)	2,695	248	(315)	(1,564)	(452)	612
Capital expenditure						
Plant and equipment	189	75	39	44	–	347
Assets and liabilities						
Segment assets	14,521	3,020	802	30,575	(16,944)	31,974
Financial assets, at FVOCI	–	–	–	3,894	–	3,894
Investments in associates	–	–	–	77	–	77
						35,945
Segment liabilities	7,231	4,458	691	6,050	(9,407)	9,023
Current income tax payable	341	92	27	4	–	464
						9,487

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

29. SEGMENT INFORMATION (CONTINUED)

	Sale of goods $'000	Rendering of services $'000	Airtime revenue $'000	Unallocated $'000	Eliminations $'000	Total $'000
2018						
Revenue						
External revenue	22,860	6,271	2,515	–	–	31,646
Inter-segment revenue	1,412	938	6	–	(2,356)	–
	24,272	7,209	2,521	–	(2,356)	31,646
Results						
Fair value loss on derivative financial instruments	–	–	–	(663)	–	(663)
Gain on disposal of plant and equipment	–	54	–	1	–	55
Write-back of allowance for impairment loss on doubtful third parties trade and other receivables	81	–	–	50	–	131
Impairment loss on financial assets	(162)	(7)	(38)	–	–	(207)
Write-back of allowance for inventory obsolescence	83	–	–	–	–	83
Interest income	–	–	–	126	–	126
Depreciation of plant and equipment	(61)	(301)	(6)	(27)	–	(395)
Amortisation of intangible asset	–	–	–	(6)	–	(6)
Share of results of associates	–	–	–	(879)	–	(879)
Impairment loss on available-for-sale financial asset	–	–	–	(34)	–	(34)
Segment profit/(loss)	2,295	414	(34)	(641)	(1,842)	192
Capital expenditure						
Plant and equipment	48	158	3	–	–	209
Assets and liabilities						
Segment assets	18,517	4,534	1,573	36,015	(25,315)	35,324
Available-for-sale financial assets	–	–	–	23,541	(4)	23,537
Investments in associates	–	–	–	488	–	488
						59,349
Segment liabilities	9,924	5,263	1,092	6,151	(9,670)	12,760
Current income tax payable	99	25	12	1	–	137
						12,897

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

29. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's three business segments operate in six main geographical areas. Revenue is based on the country in which the customer is located.

	Group	
	2019 $'000	2018 $'000
Revenue from external customers		
Singapore	11,327	14,126
People's Republic of China	5,506	6,341
Indonesia	2,648	3,698
Malaysia	1,060	1,194
Germany	1,127	1,020
Denmark	690	594
Others*	6,644	4,673
	29,002	31,646

		Group	
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Non-current assets			
Singapore	760	1,539	2,458
People's Republic of China	10	13	20
Others	78	74	108
	848	1,626	2,586

* "Others" include France, Hong Kong, Greece, United Kingdom, Australia, Brazil, Cyprus, United Arab Emirates, South Korea, Thailand and Saudi Arabia of which none of these countries contributes individually more than 10% of the Group's revenue.

Non-current assets information presented above excludes financial assets, at FVOCI, available-for-sale financial assets, deferred tax assets and trade receivables.

Major customers

During the financial year, revenue from two customers amounting to approximately $5,613,000 (2018: $8,618,000) under sale of goods segment, represents approximately 19% (2018: 27%) of total revenue.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's and the Company's activities expose them to financial risks (including credit risk, foreign currency risk, liquidity risk and market price risk) arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establish the detailed policies such as risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure these risks.

30.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of their counterparties' financial condition and generally do not require collaterals.

As at the end of the reporting period, the Group has one (31 March 2018 and 1 April 2017: one) major customer which has net trade receivables and contract assets amounting to approximately $413,000 (31 March 2018: $3,270,000, 1 April 2017: $1,027,000) and $5,586,000 (31 March 2018: $2,564,000, 1 April 2017: $9,000) respectively.

The Company has significant credit exposure arising from other receivables due from a subsidiary amounting to approximately $Nil (31 March 2018: $578,000, 1 April 2017: $568,000) as at 31 March 2019.

The Group's and the Company's major classes of financial assets are cash and cash equivalents, trade and other receivables and contract assets.

Comparative information under FRS 39

The age analysis of the Group's trade receivables as at the end of the reporting period that are past due but not impaired is as follows:

	Group	
	31 March 2018 $'000	1 April 2017 $'000
Past due for 1 to 30 days	1,841	1,022
Past due for 31 to 60 days	581	375
Past due for 61 to 90 days	2,089	963
Past due for more than 90 days	1,111	676

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.1 Credit risk (Continued)

The Group's impaired trade receivables at 31 March 2018 amounted to $1,712,000 (1 April 2017: $1,776,000). At 31 March 2018, the individual impairment losses of the Group related to several customers who had indicated that they were not likely to repay the outstanding balances mainly due to economic circumstances.

Expected credit loss assessment for trade receivables and contract assets as at 31 March 2019

The Group determines expected credit losses on trade receivables and contract assets from third parties by making individual assessment of expected credit loss for long overdue balances, and using a provision matrix that is based on its historical credit loss experience, past due status and adjusted with forward looking assumptions, as appropriate. Management also takes into account historical provision trend and other relevant factors.

The allowance matrix is based on actual credit loss experience over the past three years. The expected credit loss computed is derived from historical data and credit assessment includes forward-looking information which management is of the view that customer conditions are representative at the reporting date.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables and contract assets as at 31 March 2019.

	Current $'000	1 to 30 days past due $'000	31 to 60 days past due $'000	61 to 90 days past due $'000	More than 90 days past due $'000	Total $'000
31 March 2019						
Gross carrying amount of trade receivables	1,277	1,528	342	460	1,486	5,093
Contract assets	6,523	–	–	–	–	6,523
Less: Loss allowance	(117)	(33)	(9)	(19)	(719)	(897)[#]
	7,683	1,495	333	441	767	10,719

[#] This amount includes $795,000 which is related to credit-impaired balances from several customers who are not likely to repay the outstanding balances mainly due to economic circumstances or who have defaulted in payment terms.

Other receivables due from third parties

The Group has assessed credit risk for other receivables amounts due from third parties based on 12-month expected loss basis which reflects the low credit risk of the exposures. Management is of the view that the amount of the allowance on remaining balances is insignificant.

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.1 Credit risk (Continued)

Other receivables due from subsidiaries

Management has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Management monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. At the end of the reporting period, the Company has assessed its subsidiaries' financial performance to meet the contractual cash flow obligations and recognised loss allowance of $578,000 (2018: $Nil) for non-trade amounts due from a subsidiary as disclosed in Note 10 to the financial statements.

Cash and cash equivalents

Cash and cash equivalents are mainly deposits with reputable banks with high credit ratings assigned by international credit rating agencies.

The cash and cash equivalents are held with bank and financial institution which are rated Baa2 to Aaa, based on Moody's rating. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment on cash and cash equivalents has been measured on the 12-month expected loss model. At the reporting date, the Group and the Company did not expect any credit losses from non-performance by the counterparties.

30.2 Foreign currency risk

Foreign exchange risk management

Foreign currency risk arises from transactions denominated in currencies other than the functional currency of the entities within the Group. The currencies that give rise to this risk are primarily United States dollar, Euro and Chinese renminbi.

The Group monitors its foreign currency exchange risk closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions, recognised assets and liabilities and net investment in foreign operations are denominated in the currency that is not the entity's functional currency.

It is not the Group's policy to take speculative positions in foreign currencies. Where appropriate, the Group enters into foreign currency forward contracts with a financial institution to mitigate the foreign currency risk (mainly export sales and import purchases).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.2 Foreign currency risk (Continued)

The carrying amounts of the Group's and the Company's significant foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Net monetary assets/(liabilities)

	Group			Company		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
United States dollar	8,676	36,781	14,315	341	1,482	2,975
Euro	(189)	130	722	–	–	–
Chinese renminbi	675	(372)	(538)	–	–	–

Foreign currency sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 5% (31 March 2018 and 1 April 2017: 5%) change in United States dollar, Euro and Chinese renminbi against Singapore dollar. The sensitivity analysis assumes an instantaneous 5% (31 March 2018 and 1 April 2017: 5%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in United States dollar, Euro and Chinese renminbi are included in the analysis. Consequentially, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

	Group Increase/(Decrease) Profit or Loss			Company Increase/(Decrease) Profit or Loss		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
United States dollar						
Strengthened against Singapore dollar	434	1,839	716	17	74	149
Weakened against Singapore dollar	(434)	(1,839)	(716)	(17)	(74)	(149)
Euro						
Strengthened against Singapore dollar	(9)	7	36	–	–	–
Weakened against Singapore dollar	9	(7)	(36)	–	–	–
Chinese renminbi						
Strengthened against Singapore dollar	34	(19)	(27)	–	–	–
Weakened against Singapore dollar	(34)	19	27	–	–	–

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.3 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group and the Company actively manage operating cash flows so as to finance the Group's and the Company's operations. As part of their overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring availability of funding through an adequate amount of committed credit facilities from financial institutions and maintains sufficient level of cash to meet their working capital requirements.

Contractual maturity analysis

As at the end of the reporting period, all of the Group's and the Company's non-derivative financial instruments are due within one year and are non-interest bearing.

The Group's and the Company's operations are financed mainly through equity and retained earnings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The table below shows the contractual expiry by maturity of the Group and the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within one financial year			Within two to five financial years		
	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000	31 March 2019 $'000	31 March 2018 $'000	1 April 2017 $'000
Company						
Financial guarantees	1,103	638	745	290	1,061	782

As at 31 March 2019, the Company has provided corporate guarantees to banks for performance guarantees given to customers of a subsidiary amounting to approximately $1,393,000 (31 March 2018: $1,699,000, 1 April 2017: $1,527,000). For the corporate guarantees issued, the Company has assessed that the subsidiary has sufficient financial capabilities to meet its contractual cash flows obligation in the near future hence, does not expect any material loss allowance under 12-month expected credit loss model.

30.4 Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to market price risk arising from its investment in quoted equity securities. These securities are quoted on the OTC Market in the United States of America ("OTC Market") and Singapore Exchange Securities Trading Limited in Singapore and are classified as financial assets at FVOCI (31 March 2018 and 1 April 2017: Available-for-sale financial assets).

Sensitivity analysis for equity price risk

At the end of the reporting period, if the price of the shares held had been 10% (31 March 2018 and 1 April 2017: 2%) higher/lower with all other variables held constant, the Group's other comprehensive income would have been approximately $354,000 (31 March 2018: $466,000, 1 April 2017: $2,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity securities.

NOTES TO THE FINANCIAL STATEMENTS

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30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.5 Capital management policies and objectives

The Group and the Company manage capital so as to ensure that the Group and the Company are able to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital, treasury shares, fair value adjustment reserve, foreign currency translation reserve and retained earnings as disclosed in the consolidated statement of changes in equity of the Group.

The Group's and the Company's management review the capital structure on a quarterly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group and the Company will balance their overall capital structure through the payment of dividends to shareholders, return capital to shareholders, issues new share issues and reacquisition of issued shares. The Group's and the Company's overall strategy remains unchanged from the previous financial year.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 March 2019 and 31 March 2018.

30.6 Fair value of financial assets and financial liabilities

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group and the Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximate at fair value

The carrying amounts of the Group's and the Company's current financial assets, current financial liabilities and non-current trade receivables recorded at amortised cost in financial statements approximate their respective fair value at the end of reporting period due to the relatively short term maturity of these financial instruments or that they are at market interest rate for similar type of leasing arrangement at the end of the reporting period.

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.6 Fair value of financial assets and financial liabilities (Continued)

Fair value of financial instruments carried at fair value

The fair value of financial assets, at FVOCI and derivative financial instruments are disclosed in Note 9 and Note 16 to the financial statements, respectively.

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 March 2019				
Assets				
Financial assets, at FVOCI				
– Quoted equity securities	3,544	–	–	3,544
– Unquoted equity securities	–	–	350	350
Derivative financial instruments	–	5	249	254
	3,544	5	599	4,148
31 March 2018				
Assets				
Available-for-sale financial assets				
– Quoted equity securities	23,323	–	–	23,323
Derivative financial instruments	–	24	931	955
	23,323	24	931	24,278
1 April 2017				
Assets				
Available-for-sale financial assets				
– Quoted equity securities	99	–	–	99
– Unquoted equity securities	–	–	279	279
Derivative financial instruments	–	–	1,618	1,618
	99	–	1,897	1,996

There have been no transfer between Level 1, Level 2 and Level 3 during 2019 and 2018, except as disclosed below.

Transfer out of Level 3

During financial year 2018, the Group transferred an available-for-sale unquoted equity security from Level 3 to Level 1 of the fair value hierarchy. The carrying amount of the available-for-sale financial asset transferred was $23,258,000.

The equity security was transferred from Level 3 to Level 1 as it was listed on the OTC Market in the United States of America ("OTC Market") during the financial year. Prior to the transfer, the fair value of the financial asset was determined using valuation model incorporating significant non-market observable inputs. Since the transfer, the fair value of the financial asset is determined based on closing market price quoted on OTC Market.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.6 Fair value of financial assets and financial liabilities (Continued)

Fair value of financial instruments carried at fair value (Continued)

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Financial Instrument	Valuation techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Unquoted equity securities	Market approach based on Enterprise Value/ Earnings Before Interest Tax Depreciation and Amortisation ("EV/ EBITDA") method	– Earnings multiple ranging 3.50 to 4.50 – (31 March 2018: Earnings multiple ranging 4.50 to 5.25) – (1 April 2017: Historical comparable EBITDA multiple 2.20 to 21.04; weighted average 14.50) – (1 April 2017: Marketability discount rate 33%)	Increased earnings multiple would increase fair value; decreased earnings multiple would decrease fair value.
Put option	Binomial model method (31 March 2018: Binomial model method , 1 April 2017: Market approach based on Earning Before Interest Tax Depreciation and Amortisation ("EBITDA") method)	– Expected volatility: 40.1% (31 March 2018: ranging from 42.1% to 42.2%) – Drift rate: -0.5% (31 March 2018: -0.5% to 0.1%) – (1 April 2017: Historical comparable EBITDA multiple (ranging 2.20 to 21.04; weighted average 14.50) – (1 April 2017: Marketability discount rate 33%)	Increased expected volatility and drift rate would increase and decrease fair value respectively; lower expected volatility and drift rate would decrease and increase fair value respectively.
Profit guarantee	Income approach based on discounted cash flows Black-Scholes option-pricing model	– Discount rate of 31% – Marketability discount rate 12% to 24% (31 March 2018)	Increased discount rate and marketability discount rate would decrease fair value; lower discount rate and marketability discount rate would increase fair value.

31. CONVERGENCE TO SFRS(I)S

The Group has transited to SFRS(I)s on 1 April 2018. In transiting to SFRS(I)s, the Group is required to apply all of the specific transition requirements under SFRS(I) 1 *First-time Adoption of SFRS(I)*.

The accounting policies set out in Note 2 to the financial statements comply with SFRS(I)s effective on 1 April 2018. These accounting policies have been applied in preparing the financial statements of the Group for the financial year ended 31 March 2019, as well as comparative information presented in these financial statements for the financial year ended 31 March 2018 and in the preparation of the opening statements of financial position at 1 April 2017 (“date of transition”).

(a) Optional exemptions applied

The Group has applied the following exemptions in preparing their first set of financial statements in accordance with SFRS(I)s:

<u>Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*</u>

The Group has elected to apply the short-term exemptions upon adoption of SFRS(I) 9 on 1 April 2018. As a result, the financial instruments included in the comparatives have been accounted for in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* on the disclosure requirements in relation to SFRS(I) 9.

<u>Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*</u>

On 1 April 2017, the Group has elected to apply the transitional provisions under SFRS(I) 1:D34 and has used the following practical expedients:

- the Group did not restate contracts that are (i) completed prior to or on 1 April 2017 and (ii) begin and end within the same financial year; and

- for completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

31. CONVERGENCE TO SFRS(I)S (CONTINUED)

(b) Reconciliation of the Group's equity reported in accordance with FRSs to SFRS(I)s

	Note	Reported under FRSs $'000	Effects of applying SFRS(I) 15 $'000	Reported under SFRS(I)s $'000
1 April 2017				
Non-current assets		3,315	–	3,315
Current assets				
Trade and other receivables	i	5,506	(365)	5,141
Contract assets	i	–	365	365
Others		30,056	–	30,056
Total current assets		35,562	–	35,562
Current liabilities				
Trade and other payables		7,298	–	7,298
Contract liabilities	i	–	7,525	7,525
Deferred revenue	i	7,525	(7,525)	–
Current income tax payable		495	–	495
Total current liabilities		15,318	–	15,318
Net current assets		20,244	–	20,244
Non-current liabilities				
Deferred tax liabilities*		50	–	50
Net assets		23,509	–	23,509
Equity				
Equity attributable to owners of the parent		23,479	–	23,479
Non-controlling interests		30	–	30
Total equity		23,509	–	23,509

* The net effect of tax adjustments on transition is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

31. CONVERGENCE TO SFRS(I)S (CONTINUED)

(b) Reconciliation of the Group's equity reported in accordance with FRSs to SFRS(I)s (Continued)

	Note	At 31 March 2018 Reported under FRSs $'000	Effects of applying SFRS(I) 15 $'000	Reported under SFRS(I)s $'000	At 1 April 2018 Effects of applying SFRS(I) 9 $'000	Reported under SFRS(I)s $'000
Non-current assets						
Available-for-sale financial assets	ii	23,537	–	23,537	(23,537)	–
Financial assets at fair value through other comprehensive income	ii	–	–	–	23,537	23,537
Others		1,684	–	1,684	–	1,684
Total non-current assets		25,221	–	25,221	–	25,221
Current assets						
Trade and other receivables	i	11,983	(2,719)	9,264	–	9,264
Contract assets	i	–	2,719	2,719	–	2,719
Others		22,145	–	22,145	–	22,145
Total current assets		34,128	–	34,128	–	34,128
Current liabilities						
Trade and other payables		6,581	–	6,581	–	6,581
Contract liabilities	i	–	6,128	6,128	–	6,128
Deferred revenue	i	6,128	(6,128)	–	–	–
Current income tax payable		137	–	137	–	137
Total current liabilities		12,846	–	12,846	–	12,846
Net current assets		21,282	–	21,282	–	21,282
Non-current liabilities						
Deferred tax liabilities *		51	–	51	–	51
		51	–	51	–	51
Net assets		46,452	–	46,452	–	46,452
Equity						
Retained earnings **	ii,iii	5,850	–	5,850	(80)	5,770
Fair value adjustment reserve	ii	22,979	–	22,979	(34)	22,945
Others		17,569	–	17,569	–	17,569
Equity attributable to owners of the parent		46,398	–	46,398	(114)	46,284
Non-controlling interests		54	–	54	–	54
Total equity		46,452	–	46,452	(114)	46,338

* The net effect of tax adjustments on transition is immaterial.

** The movement in retained earnings is presented net of reversal of previously recognised impairment loss of $34,000 and loss allowance of financial assets of $114,000 as disclosed below.

(c) Reconciliation of the Group's total comprehensive income reported in accordance with FRSs to SFRS(I)s

There were no material adjustments to the Group's statement of comprehensive income arising from the transition from FRSs to SFRS(I)s.

(d) Reconciliation to Group's statement of cash flows under FRSs to SFRS(I)s

There were no material adjustments to the Group's statement of cash flows arising from the transition from FRSs to SFRS(I)s.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

31. CONVERGENCE TO SFRS(I)S (CONTINUED)

Explanatory notes to reconciliation

The effects of transition to SFRS(I)s mainly arises from the adoption of SFRS(I) 15 and SFRS(I) 9.

Adoption of SFRS(I) 15

In accordance with requirements of SFRS(I) 1, the Group has adopted SFRS(I) 15 retrospectively. As disclosed in (a), the Group has elected to apply the transition provisions in accordance with SFRS(I) 15:C5. The adoption of SFRS(I) 15 has resulted in adjustments to the previously reported financial statements due to the following:

(i) Revenue recognition over time

The Group entered into sale of marine satellite, communications and navigational systems contracts with customers. These contracts are fixed in nature. At contract inception, the Group assessed whether the Group transfers the control of contract work over time or point in time by determining if (a) the Group's performance obligation creates or enhances an asset that the customer controls; and (b) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for the performance completed to date. Consequently, the Group recognises contract assets and contract liabilities. In addition, the Group has reclassified those contract assets and contract liabilities to a separate account in Note 11 to the financial statements to better reflect the nature of transactions.

Adoption of SFRS(I) 9

As disclosed above in (a), the Group has elected to apply the short-term exemption by not restating the comparatives on adoption of SFRS(I) 9. The relevant accounting policy for financial instruments is disclosed in Note 2.10 to the financial statements.

(ii) Classification and measurement of financial assets

Based on the requirements of SFRS(I) 9, the Group has assessed the business model of financial assets held as at 1 April 2018 and classified them into the relevant categories under SFRS(I) 9.

The Group elected to measure listed and unlisted equity investments not held for trading as financial assets, at FVOCI as at 1 April 2018 (Note 9). These listed and unlisted equity investments were previously classified as available-for-sale financial assets (Note 8) and certain unlisted equity investment was previously impaired in accordance with FRS 39. As a result, the previously recognised impairment loss of $34,000 was reclassified from retained earnings to fair value adjustment reserve on 1 April 2018.

(iii) Loss allowance on financial assets

SFRS(I) 9 introduces a new-forward looking impairment model based on expected credit losses to replace incurred loss model. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk from initial recognition.

The Group has adopted the simplified approach in determining the loss allowance on trade receivables from third parties and recorded a loss allowance for lifetime expected losses from initial recognition. The Group considered the historical default rates and adjusted for forward looking estimates in deriving the expected credit losses on trade receivables from third parties and recognised a loss allowance of $114,000 (Note 10) as at 1 April 2018.

SHAREHOLDING STATISTICS

AS AT 17 JUNE 2019

NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	105,000,000
NUMBER / PERCENTAGE OF TREASURY SHARES	:	1,000,000 (0.95%)
NUMBER / PERCENTAGE OF SUBSIDIARY HOLDINGS HELD	:	NIL
CLASS OF SHARES	:	ORDINARY SHARES WITH EQUAL VOTING RIGHTS

Size of Shareholdings			No. of Shareholders	% of Holders	No. of Shares	% of Shares
1	–	99	0	0.00	0	0.00
100	–	1,000	140	30.70	137,300	0.13
1,001	–	10,000	127	27.85	813,000	0.77
10,001	–	1,000,000	184	40.35	13,583,500	12.94
1,000,001	&	ABOVE	5	1.10	90,466,200	86.16
TOTAL			456	100.00	105,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
FOO CHEW TUCK	81,300,000	77.43
TAN FUH GIH	3,970,000	3.78
SIRIUS VENTURE CAPITAL PTE LTD	2,650,000	2.53
PHILLIP SECURITIES PTE LTD	1,526,200	1.45
TAN LIAN HUAT	1,020,000	0.97
CHEW KENG SENG	1,000,000	0.95
SENG HONG NOI	736,000	0.70
PANG YOKE MIN	500,000	0.48
RAFFLES NOMINEES (PTE) LIMITED	481,700	0.46
UOB KAY HIAN PTE LTD	455,700	0.44
DBS NOMINEES PTE LTD	380,700	0.36
SEAH CHYE ANN (XIE CAI'AN)	339,400	0.32
LEE LAI HENG BRIAN	284,900	0.27
YEAP LAM YANG	250,000	0.24
SAHA ANSHUMAN MANABENDRANATH	245,000	0.23
NG HUA CHONG OR SIA MOI	228,000	0.22
LIM JIUN YIH	213,100	0.20
KEITH LIM CHEE KEONG	203,000	0.19
SEAH LEE LIM LLP	200,000	0.19
TANG BEE YIAN	195,000	0.19
TOTAL	96,178,700	91.60

Substantial Shareholder	Direct Interest	Deemed Interest
FOO CHEW TUCK	81,300,000	–

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 17 June 2019, approximately 19.85% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Jason Marine Group Limited (the "**Company**") will be held at 194 Pandan Loop, #05-27 Pantech Business Hub, Singapore 128383 on Tuesday, 30 July 2019 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2019, the Statement of Directors and the Report of the Auditors thereon. **(Resolution 1)**

2. To declare and pay a first and final one-tier tax exempt dividend of 0.5 Singapore cent per share in respect of the financial year ended 31 March 2019. **(Resolution 2)**

3. To approve the Directors' fees of S$172,500 for the financial year ended 31 March 2019. (2018: S$172,500) **(Resolution 3)**

4. To re-elect Mr Foo Chew Tuck, a Director retiring under Article 98 of the Constitution of the Company. *[See Explanatory Note 1]* **(Resolution 4)**

5. To re-elect Mr Wong Hin Sun, Eugene, a Director retiring under Article 98 of the Constitution of the Company. *[See Explanatory Note 1]* **(Resolution 5)**

6. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

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

7. **AUTHORITY TO ALLOT AND ISSUE SHARES**

"THAT pursuant to Section 161 of the Companies Act and subject to Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to issue and allot new ordinary shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise) and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS that:

(1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro-rata basis, then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 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 paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time such authority was conferred, after adjusting for:

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

(b) new Shares arising from the exercise of any share options which are outstanding or subsisting at the time such authority was conferred; and

(c) any subsequent consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and

(4) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

[See Explanatory Note 2] **(Resolution 7)**

8. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE JASON PERFORMANCE SHARE PLAN**

“That pursuant to Section 161 of the Companies Act, approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of new Shares in the share capital of the Company as may be required to be issued pursuant to the vesting of awards under the Jason Performance Share Plan (the “PSP”), provided always that the aggregate number of additional new Shares to be allotted and issued pursuant to the PSP and other share scheme(s) to be implemented by the Company (if any) shall 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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

[See Explanatory Note 3] **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

9. **PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

"That:

(1) for the purposes of the Catalist Rules and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined hereinafter), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined hereinafter), whether by way of:

(a) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws, regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

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

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

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked;

(3) in this Resolution:

"**Maximum Limit**" means the number of issued Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined hereinafter), in which event the total number of Shares shall be taken to be the total number of Shares as altered.

"**Relevant Period**" means the period commencing from the date on which the ordinary resolution relating to the Share Buyback Mandate is passed and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier; and

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

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase, pursuant to an equal access scheme, 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last 5 consecutive Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-market day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-market Purchase; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."
[See Explanatory Note 4] **(Resolution 9)**

10. **OTHER BUSINESS**

To transact any other ordinary business that may be properly transacted at an AGM of the Company.

BY ORDER OF THE BOARD

Pan Mi Keay
Company Secretary
15 July 2019

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

(1) (a) A member of the Company who is entitled to attend and vote at the AGM and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where such member appoints more than one (1) proxy, he/she shall specify the proportion or number of his/her shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(b) A member of the Company who is entitled to attend and vote at the AGM and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

(2) 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 under its common seal or under the hand of its attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the power of attorney or a duly certified copy thereof must be lodged with the instrument.

(3) 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 AGM in accordance with Section 179 of the Companies Act, Chapter 50.

(4) The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 194 Pandan Loop, #06-05 Pantech Business Hub, Singapore 128383 not later than 48 hours before the time appointed for the AGM.

EXPLANATORY NOTES

1. Mr Wong Hin Sun, Eugene (Non-Independent Non-Executive Director) will, upon re-election as a Director of the Company, continue to serve as a member of the Audit and Risk Committee, Nominating Committee and Remuneration Committee. He is considered non-independent for the purposes of Rule 704(7) of the Catalist Rules.

   Detailed information of Mr Foo Chew Tuck and Mr Wong Hin Sun, Eugene can be found under the "Board of Directors" and "Disclosure of Information on Directors seeking re-election pursuant to Rule 720(5) of the Catalist Rules" sections in the Company's Annual Report 2019.

2. Ordinary Resolution 7, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM, to allot and issue Shares and/or Instruments (as defined above). The aggregate number of new Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may issue under this Resolution shall not exceed 100% of the issued share capital of the Company at the time of passing of this Resolution. For issue of Shares and convertible securities other than on a pro-rata basis, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the issued share capital of the Company at the time of passing of this Resolution. This authority will, unless revoked or varied at a general meeting, expire on the date of the next AGM of the Company or on the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

NOTICE OF ANNUAL GENERAL MEETING

3. Ordinary Resolution 8, if passed, will empower the Directors of the Company to allot and issue new Shares pursuant to PSP, provided that the aggregate number of new Shares to be allotted and issued pursuant to the PSP and other share scheme(s) to be implemented by the Company (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company or by the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

4. Ordinary Resolution 9, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM is held or is required by law to be held, whichever is the earlier, to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution. Details of the proposed renewal of Share Buyback Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial effects on the Group, are set out in the Appendix to the Annual Report 2019.

PERSONAL DATA PRIVACY

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

APPENDIX

PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

1. INTRODUCTION

1.1 Jason Marine Group Limited (the "**Company**") proposes to seek approval of the shareholders of the Company ("**Shareholders**") at the forthcoming Annual General Meeting of the Company to be held at 194 Pandan Loop, #05-27 Pantech Business Hub, Singapore 128383 on Tuesday, 30 July 2019 at 10.00 a.m. ("**2019 AGM**") for the proposed renewal of share buyback mandate (the "**Share Buyback Mandate**") to authorise the Company's directors ("**Directors**") from time to time to purchase or acquire shares in the capital of the Company ("**Shares**") (whether by market purchases and/or off-market purchases on an equal access system) on the terms of the proposed Share Buyback Mandate, subject to the Constitution of the Company and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

1.2 Shareholders had at the last Annual General Meeting held on 26 July 2018 ("**2018 AGM**"), renewed the Share Buyback Mandate ("**2018 Mandate**") for the Directors to exercise all the powers of the Company to purchase or acquire up to 10% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company at the time of passing of the resolution on the terms of the 2018 Mandate.

1.3 The 2018 Mandate will expire on the date of the forthcoming 2019 AGM. If the proposed resolution for the renewal of the Share Buyback Mandate is approved at the 2019 AGM, the Share Buyback Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier.

1.4 The purpose of this Appendix is to provide information relating to and explain the rationale for the proposed renewal of the Share Buyback Mandate.

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

2.1 Rationale

The renewal of the Share Buyback Mandate authorising the Directors to purchase or acquire the Shares would give the Company the flexibility to undertake purchases or acquisitions of the Shares up to the 10% limit described in paragraph 2.2.1 below at any time, during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

(a) In managing the business of the Company and its subsidiaries (the "**Group**"), the management team strives to increase Shareholders' value by improving, inter alia, the return on equity of the Group. In addition to growth and expansion of the business, share buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced.

(b) The Company has at present, a share-based incentive plan, namely the Jason Performance Share Plan (the "**PSP**"), for its employees. Share Buybacks by the Company will enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to satisfy the Company's obligation to furnish such Shares to participants under the PSP, thus giving the Company greater flexibility to select the method of providing Shares to its employees which would be most beneficial to the Company and its Shareholders.

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.1 Rationale (Continued)

(c) The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire the Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. It is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Share Buyback Mandate will allow the Company greater flexibility over, inter alia, the Company's share capital structure and its dividend policy.

(d) The purchase or acquisition of Shares under the Share Buyback Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of issued Shares) and offset the effects of short-term share price speculation, supporting the fundamental value of the issued Shares, thereby bolstering Shareholders' confidence and employees' morale.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the period referred to in paragraph 2.2.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or the Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group.

The Directors will take into account the impact of the share purchases may have on the liquidity of the Shares and only make a share purchase or acquisition as and when the circumstances permit. The Directors are also committed to ensuring that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the Catalist. Rule 723 of the Catalist Rules states that an issuer must ensure that at least 10% of the total number of issued Shares (excluding preference shares, convertible equity securities and treasury shares) is at all times held by the public.

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.2 Authority and Limits on the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares under the Share Buyback Mandate, if renewed at the 2019 AGM, are substantially similar in terms to those previously approved by Shareholders at the 2018 AGM, and are summarised below:

2.2.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company (ascertained as at the date of the forthcoming 2019 AGM at which the renewal of the Share Buyback Mandate is approved), unless the share capital of the Company has been reduced in accordance with the applicable provisions of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), at any time during the period commencing from the date on which the ordinary resolution relating to the Share Buyback Mandate is passed and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier (the "**Relevant Period**"), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered. Any Shares which are held as treasury shares or subsidiary holdings will be disregarded for purposes of computing the 10% limit.

2.2.2 Duration of Authority

Unless varied or revoked by the Company in a general meeting, purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may be made, at any time and from time to time, on and from the date of the forthcoming 2019 AGM, at which the renewal of Share Buyback is approved, up to the earlier of:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(b) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed at the next annual general meeting (after the 2019 AGM) or an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.2 Authority and Limits on the Share Buyback Mandate (Continued)

2.2.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisition of Shares may be made by way of, inter alia:

(a) on-market purchases ("**Market Purchase**") transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may, for the time being, be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the share buyback; and/or

(b) off-market purchases ("**Off-Market Purchase**") effected otherwise than on the SGX-ST pursuant to an equal access scheme as defined under Section 76C of the Companies Act.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are consistent with the Share Buyback Mandate, the Catalist Rules, the Companies Act and the Constitution, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:-

(i) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;

(ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:

(aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(bb) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company, as required by the Catalist Rules, has to issue an offer document to all Shareholders which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed purchases or acquisitions of Shares;

(d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.2 Authority and Limits on the Share Buyback Mandate (Continued)

2.2.3 Manner of Purchases or Acquisitions of Shares (Continued)

(e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the Catalist;

(f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases or acquisitions; and

(g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.2.4 Maximum Purchase Price for the Shares

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate.

However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last 5 consecutive Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-market day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.3 Sources of funds

The Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Previously, any payment made by the Company in consideration of the purchase or acquisition of its Shares may only be made out of the Company's distributable profits. The Companies Amendment Act 2005 permits the Company to also purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group and the costs of such financing.

The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.4 Status of Purchased Shares under the Share Buyback Mandate

Under Section 76B of the Companies Act, any Shares purchased or acquired by the Company through a Share buyback shall be deemed to be cancelled immediately on purchase or acquisition unless such Shares are held by the Company as treasury shares in accordance with Section 76H of the Companies Act. Upon such cancellation, all rights and privileges attached to that Share will expire. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.5 Treasury Shares

Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings. For the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

(c) In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(d) Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

  (i) sell the treasury shares (or any of them) for cash;

  (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees' share scheme;

  (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

  (iv) cancel the treasury shares (or any of them); or

  (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

The Directors will also consider and decide whether to purchase or acquire Shares to satisfy any awards under the PSP.

The Shares purchased or acquired under the Share Buyback Mandate will be held as treasury shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.6 Reporting requirements

The Company shall notify the Accounting and Corporate Regulatory Authority (the "**ACRA**") in the prescribed form within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include, inter alia, details of the purchases or acquisitions and the total number of Shares purchased or acquired by the Company, the Company's issued share capital before and after the purchase or acquisition of Shares, and the amount of consideration paid by the Company for the purchases or acquisitions. Within 30 days of the passing of a Shareholders' resolution to approve or renew the Share Buyback Mandate, the Company shall lodge a copy of such resolution with the ACRA.

Pursuant to the Catalist Rules, the Company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and

(b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisition of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

(a) the date of the sale, transfer, cancellation and/or use;

(b) the purpose of such sale, transfer, cancellation and/or use;

(c) the number of treasury shares sold, transferred, cancelled and/or used;

(d) the number of Shares before and after such sale, transfer, cancellation and/or use;

(e) the percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(f) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.7 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the net tangible assets ("**NTA**") and earnings per Share ("**EPS**") of the Company and the Group as the resultant effects would depend on, inter alia, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The repurchased Shares may be cancelled or held as treasury shares. Any Share buyback will:

(a) reduce the number of the issued Shares in the capital of the Company where the Shares were purchased or acquired out of the capital of the Company;

(b) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or

(c) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhancing the EPS and/or the NTA value per Share of the Group.

Purely for illustrative purposes only, the financial effects of the Share Buyback Mandate on the Group and the Company, based on the audited financial statements of the Group and the Company for the financial year ended 31 March 2019 and based on the assumptions set out below:

(a) based on 105,000,000 Shares in issue as at 31 March 2019 (excluding 1,000,000 Shares held in treasury) and assuming no further Shares are issued on or prior to the 2019 AGM, not more than 10,500,000 Shares (representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at that date of the 2019 AGM) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate;

APPENDIX

2. **THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE** (CONTINUED)

2.7 Financial Effects (Continued)

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 10,500,000 Shares at the Maximum Price of S$0.118 (being the price equivalent to 105% of the Average Closing Price of the Shares for the 5 consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 10,500,000 Shares (excluding related expenses) is approximately S$1.2 million; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 10,500,000 Shares at the Maximum Price of S$0.134 (being the price equivalent to 120% of the Average Closing Price of the Shares for the 5 consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest practicable Date), the maximum amount of funds required for the purchase of the 10,500,000 Shares (excluding related expenses) is approximately S$1.4 million.

Purely for illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that:

(i) such purchase or acquisition of Shares is financed solely by internal sources of funds available as at 31 March 2019;

(ii) the Share Buyback Mandate had been effective on 1 April 2018; and

(iii) the Company had purchased or acquired the maximum of 10,500,000 Shares (representing 10% of the total issued Shares (excluding the Shares held in treasury or subsidiary holdings) as at 31 March 2019),

the financial effects of the purchase or acquisition of the 10,500,000 Shares by the Company pursuant to the Share Buyback Mandate:

(1) by way of purchases made entirely out of capital and held as treasury shares; and

(2) by way of purchases made entirely out of capital and cancelled,

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.7 Financial Effects (Continued)

on the audited financial statements of the Group and the Company for the financial year ended 31 March 2019 pursuant to the Share Buyback Mandate are as follows:

Scenario 1: Purchases made out of capital and held as treasury shares

As at 31 March 2019	Group Before Share Buyback (S$'000)	Group After Share Buyback assuming Market Purchase (S$'000)	Group After Share Buyback assuming Off-Market Purchase (S$'000)	Company Before Share Buyback (S$'000)	Company After Share Buyback assuming Market Purchase (S$'000)	Company After Share Buyback assuming Off-Market Purchase (S$'000)
Share Capital	17,967	17,967	17,967	17,967	17,967	17,967
Reserves	3,276	3,276	3,276	–	–	–
Accumulated profits	5,402	5,402	5,402	5,068	5,068	5,068
Treasury shares	(255)	(1,494)	(1,662)	(255)	(1,494)	(1,662)
Equity attributable to the owners of the parent	26,390	25,151	24,983	22,780	21,541	21,373
NTA[1]	26,458	25,219	25,051	22,780	21,541	21,373
Cash and cash equivalents	14,165	12,926	12,758	7,452	6,213	6,045
Current assets	31,203	29,964	29,796	7,498	6,259	6,091
Current liabilities	9,484	9,484	9,484	273	273	273
Working capital	21,719	20,480	20,312	7,225	5,986	5,818
Total Borrowings[2]	–	–	–	–	–	–
Profit for the financial year	203	203	203	331	331	331
Number of issued Shares ('000)	106,000	106,000	106,000	106,000	106,000	106,000
Treasury shares ('000)	1,000	11,500	11,500	1,000	11,500	11,500
Number net of treasury shares ('000)	105,000	94,500	94,500	105,000	94,500	94,500
<u>Financial Ratios</u>						
NTA per Share (cents)[3]	25.2	26.7	26.5	21.7	22.8	22.6
EPS (cents)[4]	0.2	0.2	0.2	0.3	0.4	0.4
Current ratio (times)[5]	3.3	3.2	3.1	27.5	22.9	22.3
Gearing ratio (times)[6]	0	0	0	0	0	0
Return on equity (%)[7]	0.8%	0.8%	0.8%	1.5%	1.5%	1.5%

Notes:
(1) NTA refers to total net assets less intangible assets.
(2) Total borrowings refer to the total of short term and long term borrowings, and finance lease obligations.
(3) NTA per Share is calculated based on NTA and 105,000,000 Shares (excluding treasury shares and subsidiary holdings) in issue as at 31 March 2019 and as adjusted for the Market Purchases and Off-Market Purchases where applicable.
(4) For illustrative purpose, EPS is calculated based on 105,000,000 Shares (excluding treasury shares and subsidiary holdings) in issue as at 31 March 2019 and as adjusted for the Market Purchases and Off-Market Purchases where applicable.
(5) Current ratio equals current assets divided by current liabilities.
(6) Gearing ratio equals total borrowings divided by Equity attributable to the owners of the parent.
(7) Return on equity equals profit for the financial year divided by Equity attributable to the owners of the parent.

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.7 Financial Effects (Continued)

Scenario 2: Purchases made out of capital and cancelled

As at 31 March 2019	Group Before Share Buyback (S$'000)	After Share Buyback assuming Market Purchase (S$'000)	After Share Buyback assuming Off-Market Purchase (S$'000)	Company Before Share Buyback (S$'000)	After Share Buyback assuming Market Purchase (S$'000)	After Share Buyback assuming Off-Market Purchase (S$'000)
Share Capital	17,967	17,967	17,967	17,967	17,967	17,967
Reserves	3,276	2,037	1,869	–	(1,239)	(1,407)
Accumulated profits	5,402	5,402	5,402	5,068	5,068	5,068
Treasury shares	(255)	(255)	(255)	(255)	(255)	(255)
Equity attributable to the owners of the parent	26,390	25,151	24,983	22,780	21,541	21,373
NTA(1)	26,458	25,219	25,051	22,780	21,541	21,373
Cash and cash equivalents	14,165	12,926	12,758	7,452	6,213	6,045
Current assets	31,203	29,964	29,796	7,498	6,259	6,091
Current liabilities	9,484	9,484	9,484	273	273	273
Working capital	21,719	20,480	20,312	7,225	5,986	5,818
Total Borrowings(2)	–	–	–	–	–	–
Profit for the financial year	203	203	203	331	331	331
Number of issued Shares ('000)	105,000	94,500	94,500	105,000	94,500	94,500
Financial Ratios						
NTA per Share (cents)(3)	25.2	26.7	26.5	21.7	22.8	22.6
EPS (cents)(4)	0.2	0.2	0.2	0.3	0.4	0.4
Current ratio (times)(5)	3.3	3.2	3.1	27.5	22.9	22.3
Gearing ratio (times)(6)	0	0	0	0	0	0
Return on equity (%)(7)	0.8%	0.8%	0.8%	1.5%	1.5%	1.5%

Notes:

(1) NTA refers to total net assets less intangible assets.

(2) Total borrowings refer to the total of short term and long term borrowings, and finance lease obligations.

(3) NTA per Share is calculated based on NTA and 105,000,000 Shares (excluding treasury shares and subsidiary holdings) in issue as at 31 March 2019 and as adjusted for the Market Purchases and Off-Market Purchases where applicable.

(4) For illustrative purpose, EPS is calculated based on 105,000,000 Shares (excluding treasury shares and subsidiary holdings) in issue as at 31 March 2019 and as adjusted for the Market Purchases and Off-Market Purchases where applicable.

(5) Current ratio equals current assets divided by current liabilities.

(6) Gearing ratio equals total borrowings divided by Equity attributable to the owners of the parent.

(7) Return on equity equals profit for the financial year divided by Equity attributable to the owners of the parent.

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.7 Financial Effects (Continued)

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Company and the Group for the financial year ended 31 March 2019 and the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at 31 March 2019, and is not necessarily representative of the future financial performance of the Company or the Group.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Shareholders who are in doubt as to their tax positions or any tax implications arising from the Share Buyback Mandate in their respective jurisdictions should consult their own professional advisers.

2.8 Catalist Rules

While the Catalist Rules do not expressly prohibit purchase or acquisition of shares by a Catalist company during any particular time or times, because a Catalist company would be considered an "**insider**" in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase any Shares pursuant to the Share Buyback Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board until such time as such information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's half-year and full-year results.

The Company is required under Rule 723 of the Catalist Rules to ensure that at least 10% of its Shares are in the hands of the public. The "**public**", as defined under the Catalist Rules, are persons other than the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiary companies, as well as the Associates of such persons.

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 20,847,000 Shares, representing 19.85% of the total issued Shares (excluding treasury shares and subsidiary holdings), are in the hands of the public. In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient float in the hands of the public will be maintained so that such purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the Catalist, cause market illiquidity or adversely affect the orderly trading of the Shares.

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.9 Implications under the Take-over Code

Shareholders' attention is drawn to Appendix 2 of the Take-over Code which contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.9.1 Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.9.2 Persons acting in concert

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, inter alia, the following individuals and companies to be persons acting in concert:

(a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

(b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

APPENDIX

2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE (CONTINUED)

2.9 Implications under the Take-over Code (Continued)

2.9.2 Persons acting in concert (Continued)

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Takeover Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and their concert parties will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Based on the information in the Company's Register of Shareholders as at the Latest Practicable Date, none of the Directors or Substantial Shareholders of the Company are obliged to make a general offer to other Shareholders under Rule 14 and Appendix 2 of the Take-over Code as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate. As at the Latest Practicable Date, the Directors are not aware of any potential Shareholder(s) who may have to make a general offer to the other Shareholders as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

APPENDIX

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the interests of the Directors' and the Substantial Shareholders of the Company in the Shares of the Company are as follows:-

Directors	Direct Interest		Deemed Interest		Total Interest	%[1]
	Shares	Options	Shares	Options		
Foo Chew Tuck	81,300,000	–	–	–	81,300,000	77.43
Wong Hin Sun Eugene[2]	–	–	2,650,000	–	2,650,000	2.52
Sin Hang Boon @ Sin Han Bun	–	–	–	–	–	–
Eileen Tay-Tan Bee Kiew	–	–	–	–	–	–
Substantial Shareholders (other than Directors)	–	–	–	–	–	–
Other Shareholder						
Sirius Venture Capital Pte. Ltd. ("**Sirius Venture**")[2]	2,650,000	–	–	–	2,650,000	2.52

Notes:

(1) The percentage is calculated based on the total issued and paid-up share capital of 105,000,000 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

(2) Sirius Venture is a company incorporated in Singapore on 12 September 2002 and is principally engaged in investment activities and the provision of business consultancy services. Mr Wong Hin Sun Eugene is the managing director of Sirius Venture. As at the Latest Practicable Date, Mr Wong Hin Sun Eugene holds 100% of the issued share capital of Sirius Venture. Mr Wong Hin Sun Eugene is accordingly deemed to have an interest in the Shares held by Sirius Venture.

4. SHARE BUYBACKS IN THE PREVIOUS 12 MONTHS

The Company did not purchase or acquire any Shares during the 12-month period immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, an aggregate of 1,000,000 Shares are being held by the Company as treasury shares.

5. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company or to who may be subject to tax whether in or outside Singapore should consult their own professional advisers.

6. DIRECTORS' RECOMMENDATION

After having considered the rationale and the information relating to the Share Buyback Mandate, the Directors are of the opinion that the proposed renewal of Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution 9 as set out in the Notice of Annual General Meeting relating to the proposed renewal of the Share Buyback Mandate.

APPENDIX

7. ANNUAL GENERAL MEETING

The 2019 AGM, notice of which is set out on pages 103 to 108 of the 2019 Annual Report of the Company, will be held at 194 Pandan Loop, #05-27 Pantech Business Hub, Singapore 128383 on Tuesday, 30 July 2019 at 10.00 a.m. for the purpose of, inter alia, considering and, if thought fit, passing the ordinary resolution on the renewal of Share Purchase Mandate as set out in the Notice of the Annual General Meeting.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2019 AGM and wish to appoint a proxy to attend and vote at the 2019 AGM on their behalf must complete, sign and return the Proxy Form attached to the Annual Report 2019 in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 194 Pandan Loop, #06-05 Pantech Business Hub, Singapore 128383, not less than 48 hours before the time fixed for the 2019 AGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the 2019 AGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance. A Depositor shall not be regarded as a shareholder of the Company and not entitled to attend the 2019 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the 2019 AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 194 Pandan Loop, #06-05 Pantech Business Hub, Singapore 128383, during normal business hours from the date of this Appendix up to and including the date of the 2019 AGM:

(a) the Constitution of the Company;

(b) the rules of the Jason Performance Share Plan; and

(c) the Annual Report of the Company for the financial year ended 31 March 2019.

APPENDIX

11. STATEMENT BY SPONSOR

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**") in accordance with Rule 226(2)(b) of the Catalist Rules. This Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

Yours faithfully,
For and on behalf of the Board of Directors of
JASON MARINE GROUP LIMITED

FOO CHEW TUCK
Executive Chairman and Chief Executive Officer

JASON MARINE GROUP LIMITED
Registration Number :200716601W
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies ("**CPF Investors**") and/or their SRS monies ("**SRS Investors**") to buy shares in the capital of Jason Marine Group Limited, this Annual Report 2019 is forwarded to them at the request of their CPF and/or SRS Approved Nominees (as the case may be) and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors may attend and cast their votes at the AGM in person. CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as the case may be) to appoint the Chairman of the AGM to act as their proxy, in which case, the respective CPF Investors and/or SRS Investors shall be precluded from attending the AGM.

I / We, ______________________ of NRIC/Passport/Company Registration No, ______________________

of ____

being a member/members of Jason Marine Group Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

and/or (delete where appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 194 Pandan Loop, #05-27 Pantech Business Hub, Singapore 128383 on Tuesday, 30 July 2019 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

Resolution No.	Ordinary Resolutions	For	Against
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 March 2019, the Statement of Directors and the Report of the Auditors thereon.		
2.	To declare and pay a first and final one-tier tax exempt dividend of 0.5 Singapore cent per share in respect of the financial year ended 31 March 2019.		
3.	Approval of Directors' fees of S$172,500 for the financial year ended 31 March 2019.		
4.	Re-election of Mr Foo Chew Tuck as Director.		
5.	Re-election of Mr Wong Hin Sun, Eugene as Director.		
6.	Re-appointment of Messrs BDO LLP as Auditors.		
7.	Authority to allot and issue shares in the capital of the Company and/or instruments pursuant to Section 161 of the Companies Act.		
8.	Authority to allot and issue shares under the Jason Performance Share Plan.		
9.	Renewal of the Company's share buyback mandate.		

Dated this ____________ day of ________ 2019

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

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: Please read notes overleaf

Notes:

1. (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where such member appoints more than one (1) proxy, he/she shall specify the proportion or number of his/her shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

   (b) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her 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 common 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 power of attorney or a duly certified copy thereof must be lodged with the instrument.

3. 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 Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 194 Pandan Loop, #06-05 Pantech Business Hub, Singapore 128383 not later than 48 hours before the time appointed for the Annual General Meeting.

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

6. 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 such member(s) are not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

7. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.

Fold along this line

Affix
Postage
Stamp
Here

The Company Secretary
JASON MARINE GROUP LIMITED
194 Pandan Loop
#06-05 Pantech Business Hub
Singapore 128383

Fold along this line

JASON MARINE GROUP LIMITED
Co. Reg. No. 200716601W

194 Pandan Loop #06-05
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