Financial Statements & Corporate Governance Report

JEL Corporation (Holdings) Ltd.

Annual Report 2004

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(Amounts expressed in Singapore dollars)

The directors are pleased to present their report to the members together with the audited financial statements of JEL Corporation (Holdings) Ltd. (the Company) and the consolidated financial statements of the Company and its subsidiaries (the Group) for the financial year ended 31 December 2004.

DIRECTORS

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

Tan Boon Yong, Eric	Chairman and Chief Executive Officer
Leow Hock Leong	Chief Operating Officer
Wee Teck Han	Chief Financial Officer
Sim Cheok Lim	Independent Director
Lee Choon Hui, Francis	Independent Director
Tan Kok Hiang	Independent Director (appointed on 11 February 2004)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in shares of the Company and related corporations, as stated below:

	Direct interest			Deemed interest		
	1 January 2004	31 December 2004	21 January 2005	1 January 2004	31 December 2004	21 January 2005
The Company	Ordinary shares of $0.05 each	Ordinary shares of $0.05 each	Ordinary shares of $0.05 each	Ordinary shares of $0.05 each	Ordinary shares of $0.05 each	Ordinary shares of $0.05 each
Tan Boon Yong, Eric	121,520,000	132,362,000	132,362,000	-	7,090,000	7,090,000
Leow Hock Leong	2,480,000	3,011,000	3,011,000	-	-	-
Wee Teck Han	-	704,000	704,000	-	-	-
Sim Cheok Lim	300,000	-	-	-	-	-

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

By virtue of Section 7 of the Companies Act, Messr. Tan Boon Yong, Eric is deemed to be interested in the shares held by the Company in its subsidiaries.

Except as disclosed above, no other director had an interest in any shares or debentures of the Company or related corporations at the beginning or end of the financial year or on 21 January 2005.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit or any fixed salary of a full-time employee of the Company included in the aggregate amount of emoluments shown in the financial statements, or any emoluments received from related corporations) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

OPTIONS

No options were issued by the Company or its subsidiaries during the financial year. As at 31 December 2004, there are no options on the unissued shares of the Company or its subsidiaries which are outstanding.

AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

AUDITORS

Ernst & Young have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

Tan Boon Yong, Eric
Director

Leow Hock Leong
Director

Wee Teck Han
Director

Singapore
26 February 2005

STATEMENT BY DIRECTORS

We, Tan Boon Yong, Eric, Leow Hock Leong and Wee Teck Han, being three of the directors of JEL Corporation (Holdings) Ltd., do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated statement of cash flows together with notes thereto, set out on pages 6 to 40, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004 and of the results of the business and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended, and

(ii) 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.

On behalf of the Board of Directors

Tan Boon Yong, Eric
Director

Leow Hock Leong
Director

Wee Teck Han
Director

Singapore
26 February 2005

AUDITORS' REPORT

to the Members of JEL Corporation (Holdings) Ltd.

We have audited the accompanying financial statements of JEL Corporation (Holdings) Ltd. (the Company) and its subsidiaries (the Group) for the year ended 31 December 2004 set out on pages 6 to 40. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the consolidated financial statements of the Group and the financial statements of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004, and of the results and changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
26 February 2005

PROFIT AND LOSS ACCOUNTS
For the Year Ended 31 December 2004

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		2004	2003	2004	2003
		$'000	$'000	$'000	$'000
Revenue	3	143,328	116,194	3,000	3,846
Cost of sales		(124,357)	(99,586)	-	-
Gross profit		18,971	16,608	3,000	3,846
Other operating income	4	537	479	-	-
Distribution and selling expenses		(1,720)	(1,320)	-	-
Administrative expenses		(9,604)	(7,787)	(327)	(115)
Profit from operations	5	8,184	7,980	2,673	3,731
Financial expenses	7	(737)	(551)	-	-
Financial income	7	70	60	15	7
Profit before tax		7,517	7,489	2,688	3,738
Tax	8	(882)	(1,257)	(566)	(846)
		6,635	6,232	2,122	2,892
Minority interests		(51)	(9)	-	-
Net profit attributable to Members of the Company		6,584	6,223	2,122	2,892
Earnings per share					
Basic and diluted	9	3.31 cents	3.85 cents		

The accounting policies and explanatory notes on pages 14 to 40 form an integral part of the financial statements.

BALANCE SHEETS
As at 31 December 2004

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		2004	2003	2004	2003
		$'000	$'000	$'000	$'000
Non-current assets					
Fixed assets	10	13,185	6,585	-	-
Subsidiaries	11	-	-	6,157	6,157
Deferred tax assets	8	211	196	-	-
Negative goodwill on consolidation	12	(56)	(77)	-	-
Trademarks	13	5	-	5	-
Current assets					
Inventories	14	23,496	16,848	-	-
Trade receivables	15	18,323	13,033	-	-
Other receivables, deposits and prepayments	16	3,972	4,502	58	-
Due from a subsidiary (trade)		-	-	2,100	3,000
Due from subsidiaries (non-trade)	17	-	-	6,549	5,714
Fixed deposits	18	157	7,692	-	1,705
Cash and bank balances		9,547	4,024	965	74
		55,495	46,099	9,672	10,493
Current liabilities					
Trade payables		2,950	2,316	-	-
Bills payable to banks	19	37,654	23,565	-	-
Other payables and accruals	20	2,478	4,071	20	20
Provision for taxation		1,105	1,728	-	-
Finance lease obligations - current portion	21	136	116	-	-
		44,323	31,796	20	20
Net current assets		11,172	14,303	9,652	10,473
Non-current liability					
Finance lease obligations - non-current portion	21	(263)	(221)	-	-
		24,254	20,786	15,814	16,630

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		2004	2003	2004	2003
		$'000	$'000	$'000	$'000
Share capital and reserves					
Share capital	22	9,960	8,300	9,960	8,300
Reserves	23	14,294	12,363	5,854	8,330
		24,254	20,663	15,814	16,630
Minority interests		-	123	-	-
		24,254	20,786	15,814	16,630

The accounting policies and explanatory notes on pages 14 to 40 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the Year Ended 31 December 2004

(Amounts expressed in Singapore dollars)

Group	Share capital	Share premium	Revenue reserve	Capital reserve	Translation reserve	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2003	- #	-	(12)	-	-	(12)
Currency translation differences	-	-	-	-	(68)	(68)
Net profit for the year	-	-	6,223	-	-	6,223
Issue of new shares pursuant to Restructuring Exercise	6,200	-	-	-	-	6,200
Issue of new shares pursuant to initial public offering (IPO)	2,100	-	-	-	-	2,100
Premium on issue of new shares pursuant to IPO	-	6,720	-	-	-	6,720
Share issue expenses	-	(1,279)	-	-	-	(1,279)
Arising from acquisition of subsidiaries	-	-	-	779	-	779
Balance at 31 December 2003	8,300	5,441	6,211	779	(68)	20,663
Currency translation differences	-	-	-	-	(55)	(55)
Net profit for the year	-	-	6,584	-	-	6,584
Bonus issue via capitalisation of share premium (Note 22, Note 23)	1,660	(1,660)	-	-	-	-
Dividends, net (Note 24)	-	-	(2,938)	-	-	(2,938)
Balance at 31 December 2004	9,960	3,781	9,857	779	(123)	24,254

(Amounts expressed in Singapore dollars)

Company	Share capital	Share premium	Revenue reserve	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2003	- #	-	(3)	(3)
Net profit for the year	-	-	2,892	2,892
Issue of new shares pursuant to Restructuring Exercise	6,200	-	-	6,200
Issue of new shares pursuant to IPO	2,100	-	-	2,100
Premium on issue of new shares pursuant to IPO	-	6,720	-	6,720
Share issue expenses	-	(1,279)	-	(1,279)
Balance at 31 December 2003	8,300	5,441	2,889	16,630
Net profit for the year	-	-	2,122	2,122
Bonus issue via capitalisation of share premium (Note 22, Note 23)	1,660	(1,660)	-	-
Dividends, net (Note 24)	-	-	(2,938)	(2,938)
Balance at 31 December 2004	9,960	3,781	2,073	15,814

Less than $1,000

The accounting policies and explanatory notes on pages 14 to 40 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2004

(Amounts expressed in Singapore dollars)

	2004	2003
	$'000	$'000
Cash flows from operating activities		
Profit before tax	7,517	7,489
Adjustments:		
Amortisation of trademarks	1	-
Amortisation of negative goodwill on consolidation	(21)	(7)
Depreciation of fixed assets	743	473
(Write-back of)/provision for doubtful trade debts	(62)	15
Provision for stock obsolescence (written back)	58	(2)
Bad trade debts written off	-	42
Loss/(gain) on disposal of fixed assets	16	(186)
Interest expense	737	551
Interest income	(70)	(60)
Operating profit before working capital changes	8,919	8,315
(Increase)/decrease in current assets:		
Inventories	(6,705)	(2,825)
Trade receivables	(5,216)	(3,457)
Other receivables, deposits and prepayments	530	(4,095)
Due from/to related parties - non-trade, net	-	428
Due from related parties - trade	-	780
Due from a shareholder - non-trade	-	343
Increase/(decrease) in current liabilities:		
Trade payables	634	(4,346)
Other payables and accruals	(1,593)	695
Cash used in operations	(3.431)	(4,162)
Tax paid	(1,561)	(898)
Interest expense paid	(737)	(551)
Translation difference	(27)	(77)
Net cash used in operating activities	(5,756)	(5,688)
Cash flows from investing activities		
Purchase of fixed assets (Note A)	(7,331)	(1,525)
Interest income received	70	60
Proceeds from disposal of fixed assets	329	239
Purchase of trademarks	(6)	-
Net cash inflow on acquisition of subsidiaries	-	3,799
Additional investment in unquoted subsidiary	(252)	-
Net cash (used in)/generated from investing activities	(7,190)	2,573

(Amounts expressed in Singapore dollars)

	2004	2003
	$'000	$'000
Cash flows from financing activities		
Decrease/(increase) in fixed deposits pledged	5,825	(5,884)
Proceeds from bills payable to banks	14,908	12,649
Repayment of finance lease obligations	(288)	(162)
Repayment of term loans	-	(2,243)
Gross proceeds from issue of new ordinary shares	-	8,863
Share issue expenses paid	-	(1,279)
Dividend paid to the then existing shareholders of a subsidiary	-	(3,000)
Dividends paid	(2,938)	-
Proceeds from a minority shareholder from issue of new shares by a subsidiary	71	-
Net cash generated from financing activities	16,759	8,944
Net increase in cash and cash equivalents	3,813	5,829
Cash and cash equivalents at beginning of year	5,832	3
Cash and cash equivalents at end of year (Note B)	9,645	5,832

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Note A: Purchase of fixed assets

For the year ended 31 December 2004, the Group acquired fixed assets with an aggregate cost of $7,681,000 (2003: $1,932,000) of which $350,000 (2003: $407,000) was financed via finance lease. Cash payments of $7,331,000 (2003: $1,525,000) were made to purchase fixed assets.

Note B: Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and unpledged fixed deposits. Fixed deposits pledged to banks in accordance with the government regulatory requirements as disclosed in Note 18 are excluded from cash and cash equivalents. During the financial year, pledge of fixed deposits to banks for banking facilities granted to the subsidiaries has been replaced with a corporate guarantee given by the Company.

(Amounts expressed in Singapore dollars)

Note B: Cash and cash equivalents (cont'd)

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2004	2003
	$'000	$'000
Fixed deposits	157	7,692
Cash and bank balances	9,547	4,024
	9,704	11,716
Less: Fixed deposits pledged (Note 18)	(59)	(5,884)
Cash and cash equivalents	9,645	5,832

Cash and bank balances have an effective interest rate of 0.46% (2003: 0.13%) in the financial year ended 31 December 2004.

Note C: Prior year comparatives

The prior year comparative figure relating to changes in bills payable to banks has been reclassified from operating activities to financing activites to conform with current year's presentation.

The accounting policies and explanatory notes on pages 14 to 40 form an integral part of the financial statements.

(Amounts expressed in Singapore dollars unless otherwise stated)

1. CORPORATE INFORMATION

The Company is a public limited company which is domiciled and incorporated in the Republic of Singapore with its registered office located at JEL Centre, 11 Changi North Way, Singapore 498796.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are shown in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The Group operates in 11 (2003: 8) countries and employed 221 (2003: 147) employees as of 31 December 2004. The Company has no employee (2003: Nil) as of 31 December 2004. Administrative services are provided by a subsidiary to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) ***Basis of preparation***

The financial statements, expressed in Singapore dollars ("SGD"), have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Companies Act.

The financial statements have been prepared on a historical cost basis.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year.

(b) ***Principles of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, after the elimination of all material intragroup transactions and resulting unrealised profits. Unrealised losses resulting from intragroup transactions are also eliminated unless costs cannot be recovered.

During the financial year ended 31 December 2003, pursuant to the Group Restructuring Exercise in connection with the initial public offering of the Company, the Company acquired certain subsidiaries which were under common control. The purchase consideration was determined based on the net tangible assets of the subsidiaries on 31 December 2001. The difference between the purchase consideration and the net tangible assets of the subsidiaries as of 1 January 2003 has been taken to equity under capital reserves in the Group's financial statements.

Other than the above, acquisitions of subsidiaries are accounted for using the purchase method of accounting. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the Group ceases to have control of the subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) ***Principles of consolidation***

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(c) ***Subsidiaries***

A subsidiary is a company in which the Group, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(d) ***Related party***

A related party is a company, not being a subsidiary company or an associated company, in which the Company's directors have an equity interest or exercise significant control over the financial and operating policy decisions.

Receivables from related parties are recognised and carried at cost less an allowance for any uncollectible amounts.

Payables to related parties are carried at cost.

(e) ***Fixed assets***

Fixed assets are stated at cost less accumulated depreciation and any impairment loss.

The initial cost of fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed asset has been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the profit and loss account in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an asset beyond its originally assessed standard of performance, the expenditures are capitalised as an additional cost of fixed asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold premises	35 years
Leasehold office buildings	50-60 years
Furniture, equipment and fittings	5 years
Motor vehicles and yacht	5 years
Machinery	5 years
Computers	5 years

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) ***Fixed assets (cont'd)***

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from fixed assets.

(f) ***Trademarks***

The total cost of acquiring and initial registration of trademarks is capitalised and amortised on a straight-line basis over 5 years. The cost of renewing trademarks is charged to the profit and loss account as incurred.

(g) ***Leases***

(i) Finance lease

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. Finance charges are charged directly to the profit and loss account.

Capitalised leased assets are depreciated over the estimated useful lives of the assets.

(ii) Operating lease

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

(h) ***Negative goodwill***

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over 4 years, the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

Negative goodwill is presented in the same balance sheet classification as goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) ***Impairment of assets***

Fixed assets and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit and loss account.

Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded as income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

(j) ***Inventories***

Inventories are valued at the lower of cost (determined on a weighted average basis) and net realisable value. Cost includes costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated normal selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(k) ***Trade and other receivables***

Trade and other receivables, which generally have been granted between 30 – 90 day credit terms, are recognised and carried at original invoiced amount less impairment losses on any uncollectible amounts.

(l) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash and bank balances and unpledged fixed deposits. Cash equivalents are short-term highly liquid investments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(m) ***Trade and other payables***

Liabilities for trade and other amounts payables, which are normally settled on 30 – 90 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(o) ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

(ii) Consultancy and commission income

Consultancy and commission income is recognised when services have been rendered.

(iii) Dividend and interest income

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

Interest income is recognised on a time proportion basis (taking into account the effective yield on the asset) unless collectibility is in doubt.

(p) ***Employee benefits***

(i) Defined contribution plan

The Company and its subsidiaries make contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme, and other relevant pension funds applicable in the countries in which the Group operates. Contributions are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) ***Income tax***

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

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.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unabsorbed capital allowances, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax losses and unused tax credits can be utilised.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(r) ***Foreign currency translation***

The accounting records of the companies in the Group are maintained in their respective measurement currencies.

Transactions in foreign currencies are measured at exchange rates approximating those ruling at transaction dates, except for hedged transactions, which are recorded at the contracted forward exchange rates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at balance sheet date. Non-monetary assets and liabilities are measured using the exchange rate ruling at the transaction dates or, in the case of items carried at fair value, the exchange rates that existed when the values were determined. All resultant exchange differences are recognised in the profit and loss account.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) ***Foreign currency translation (cont'd)***

Assets and liabilities of foreign entities are translated into Singapore dollars at exchange rates ruling at balance sheet date except share capital and reserves which are translated at historical rates of exchange. Revenues and expenses are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions. All resultant exchange differences are taken directly to equity as translation reserve. On disposal of a foreign entity, accumulated exchange differences are recognised in the profit and loss account as a component of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquiring entity and are recorded at the exchange rate at the date of the transaction.

(s) ***Government grants***

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in the profit and loss account over the periods necessary to match them on a systematic basis, to the costs, which it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit and loss account over the expected useful life of the relevant asset by equal annual instalments.

(t) ***Derivative financial instruments***

Forward exchange contracts are measured at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

(u) ***Borrowing costs***

Borrowing costs are expensed as incurred.

3. REVENUE

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Sale of goods	143,328	116,194	-	-
Dividend income from unquoted subsidiary	-	-	3,000	3,846
	143,328	116,194	3,000	3,846

4. OTHER OPERATING INCOME

	Group	
	2004	2003
	$'000	$'000
Consultancy income	365	326
Grant received *	59	73
Commission income	-	18
Other miscellaneous income	113	62
	537	479

* This relates to a 2-years grant from International Enterprise Singapore for setting up of Overseas Marketing Office in Vietnam.

5. PROFIT FROM OPERATIONS

This is determined after charging (crediting) the following:

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Auditors' remuneration				
- auditors of the Company	84	67	30	20
- other auditors	45	18	-	-
Non-audit fees				
- auditors of the Company	8	5	-	-
Bad trade debts written off	-	42	-	-
Depreciation of fixed assets	743	473	-	-
Directors' fees	101	101	-	-
Directors' remuneration	1,307	1,401	-	-
Loss/(gain) on disposal of fixed assets	16	(186)	-	-
Exchange (gain)/loss, net	(1,153)	80	149	61
Operating lease expenses	869	438	-	-
Personnel expenses* (Note 6)	5,836	4,073	-	-
Provision for inventory obsolescence (written back)	58	(2)	-	-
(Write-back of)/provision for doubtful trade debts	(62)	15	-	-
Amortisation of negative goodwill on consolidation	(21)	(7)	-	-
Amortisation of trademarks	1	-	1	-
Preliminary expenses	2	-	-	-

* This includes directors' remuneration

6. PERSONNEL EXPENSES

	Group	
	2004	2003
	$'000	$'000
Wages, salaries and bonuses	5,243	3,775
Pension contributions	224	221
Other personnel expenses	369	77
	5,836	4,073

7. FINANCIAL EXPENSES AND FINANCIAL INCOME

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Interest expense				
- bank term loans	(14)	(109)	-	-
- finance lease obligations	(9)	(16)	-	-
- bank overdrafts	(1)	(24)	-	-
- bills payable to banks	(713)	(402)	-	-
	(737)	(551)	-	-
Interest income				
- fixed deposits	45	50	15	7
- others	25	10	-	-
	70	60	15	7

8. TAX

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Current tax				
Singapore tax				
- current year	694	1,130	566	846
- under/(over) provision in respect of prior year	7	(4)	-	-
Foreign tax				
- current year	194	117	-	-
Deferred tax				
Singapore				
- current year	(67)	14	-	-
- underprovision in respect of prior year	42	-	-	-
Effect of change in tax rates	12	-	-	-
	882	1,257	566	846

The statutory income tax rate applicable to Singapore companies of the Group was reduced to 20% for year of assessment 2005 (calendar year 2004) from 22% for year of assessment 2004 (calendar year 2003).

8. TAX (Cont'd)

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the year ended 31 December is as follows:

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Accounting profit	7,517	7,489	2,688	3,738
Tax expense at the applicable tax rate of 20% (2003: 22%)	1,503	1,648	538	822
Tax effect of items not deductible for tax purposes	22	33	30	24
Under/(over) provision in respect of prior year	49	(4)	-	-
Tax losses arising from certain subsidiaries not available for offset	84	-	-	-
Tax effect of income not subject to tax and different tax rates in other countries	(797)	(421)	-	-
Effect of change in tax rates	12	-	-	-
Others	9	1	(2)	-
	882	1,257	566	846

Deferred taxation as at 31 December relates to the following:

	Group	
	2004	2003
	$'000	$'000
Deferred tax liabilities		
- excess of net book value over tax written down value of fixed assets	(59)	(75)
Deferred tax assets		
- unrealised exchange loss	-	25
- provision for doubtful trade debts and impairment on balances due from related companies	228	211
- provision for inventory obsolescence	42	35
	211	196

9. EARNINGS PER SHARE

Basic earnings per share for the financial year ended 31 December 2004 is calculated by dividing net profit attributable to members of the Company of $6,584,000 (2003: $6,223,000) by the weighted average number of ordinary shares outstanding during the year of 199,200,000 (2003: 161,727,125) shares.

The weighted average number of ordinary shares is arrived at assuming that the bonus issue of 33,200,000 ordinary shares of $0.05 each had taken place as of 1 January 2003.

No dilutive earnings per share is presented as there are no potential dilutive shares.

10. FIXED ASSETS

	At cost							
Group	Freehold premises	Leasehold office buildings	Furniture, equipment and fittings	Motor vehicles and yacht	Machinery	Computers	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
As at 1.1.2004	1,700	3,086	1,130	1,625	54	78	543	8,216
Transfer from construction-in-progress	-	543	-	-	-	-	(543)	-
Additions	-	5,868	1,007	567	104	135	-	7,681
Disposals	-	-	(63)	(376)	-	-	-	(439)
Translation difference	-	-	12	(2)	2	6	-	18
As at 31.12.2004	1,700	9,497	2,086	1,814	160	219	-	15,476
Accumulated depreciation and impairment loss								
As at 1.1.2004	195	262	583	547	23	21	-	1,631
Charge for the year	49	97	260	288	14	35	-	743
Disposals	-	-	(10)	(84)	-	-	-	(94)
Translation difference	-	-	6	2	-	3	-	11
As at 31.12.2004	244	359	839	753	37	59	-	2,291
Charge for 2003	49	62	147	205	3	7	-	473
Net book value								
As at 31.12.2004	1,456	9,138	1,247	1,061	123	160	-	13,185
As at 31.12.2003	1,505	2,824	547	1,078	31	57	543	6,585

Construction-in-progress related to costs incurred for the construction of the Regional Warehouse and Logistics Hub at Changi North and was stated at cost. Construction-in-progress is not depreciated until such time it is completed and put into operational use. Construction of the Regional Warehouse and Logistics Hub has been completed in the current financial year. The construction-in-progress has been capitalised as leasehold office building and put into operational use during the year.

The net book value of motor vehicles of the Group acquired under finance leases amounted to approximately $785,000 (2003: $919,000) as at 31 December 2004.

During the financial year, pledges on the freehold premises and a leasehold office building of the Group (with a net book value of approximately $1,505,000 and $2,824,000 respectively as at 31 December 2003) for the banking facilities granted to the subsidiaries have been replaced with a corporate guarantee given by the Company.

11. SUBSIDIARIES

(a)

	Company	
	2004	2003
	$'000	$'000
Unquoted equity shares at cost	6,157	6,157

(b) Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Equity held by the Group		Cost of investment by the Company	
			2004	2003	2004	2003
			%	%	$'000	$'000
Held by the Company						
JEL Corporation (Far East) Pte Ltd *	Trading and distribution of photographic and consumer electronics products and fast moving consumer goods	Singapore	100	100	5,989	5,989
JEL Corporation (Middle East) Pte Ltd *	Trading and distribution of photographic and consumer electronics products and fast moving consumer goods	British Virgin Islands	100	100	168	168
JEL Franchise (Holdings) Pte. Ltd. *	Investment and intellectual property holding	Singapore	100	100	- #	- #
JEL Corporation (Africa) Pte Ltd *	Trading and distribution of photographic and consumer electronics products and fast moving consumer goods	British Virgin Islands	100	100	- #	- #

11. SUBSIDIARIES (Cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Equity held by the Group		Cost of investment by the Company	
			2004	2003	2004	2003
Held by subsidiaries			%	%	$'000	$'000
JEL Distribution (Cambodia) Pte Ltd ****	Trading and distribution of photographic and consumer electronics products and fast moving consumer goods	Cambodia	100	100	-	-
JEL Distribution (Kazakhstan) LLP****	Trading and distribution of photographic and consumer electronics products and fast moving consumer goods	Kazakhstan	100	100	-	-
JEL Distribution South Africa (Pty) Ltd (formerly known as FD Distributors (Pty) Ltd) **	Distribution of photographic products	Africa	100	80	-	-
JEL Corporation (Hong Kong) Limited ***	Dormant	Hong Kong	100	-	-	-
					6,157	6,157

* Audited by Ernst & Young, Singapore.
** Audited by Ernst & Young, South Africa.
*** Audited by Philip Chow & Company, Certified Public Accountants in Hong Kong.
**** Not required by the laws of the respective countries of incorporation to be audited.
# Less than $1,000

11. SUBSIDIARIES (Cont'd)

(c) On 28 June 2004, JEL Corporation (Far East) Pte Ltd incorporated a wholly-owned subsidiary, JEL Corporation (Hong Kong) Limited. The authorised and issued and paid-up share capital of JEL Corporation (Hong Kong) Limited is HK$250,000.

(d) During the financial year, JEL Distribution South Africa (Pty) Ltd (formerly known as FD Distributors (Pty) Ltd) increased its paid-in capital from 102,770 Africa Rands to 1,500,000 Africa Rands through the issuance of new shares. The new shares were issued to JEL Corporation (Africa) Pte Ltd and the minority shareholder in proportion to their shareholdings (80 : 20) for cash.

(e) Thereafter, JEL Corporation (Africa) Pte Ltd acquired the remaining 20% equity interest in JEL Distribution South Africa (Pty) Ltd from its existing shareholder for 963,529 Africa Rands (approximately S$252,000). Consequently, JEL Distribution South Africa (Pty) Ltd became a wholly-owned subsidiary of the Group. The cash consideration was arrived at based on the net assets of JEL Distribution South Africa (Pty) Ltd on the date of acquisition.

12. NEGATIVE GOODWILL ON CONSOLIDATION

	Group	
	2004	**2003**
	$'000	$'000
Arising from acquisition of a subsidiary	84	84
Less: accumulated amortisation	(28)	(7)
	56	77

Movement in amortisation of negative goodwill on consolidation during the year was as follows:

At beginning of the year	7	-
Amortisation for the year	21	7
At end of the year	28	7

Negative goodwill has remaining amortisation period of 2.7 years.

13. TRADEMARKS

	Group and Company	
	2004	**2003**
	$'000	$'000
Trademarks	6	-
Less: accumulated amortisation, representing movement during the year	(1)	-
	5	-

14. INVENTORIES

	Group	
	2004	2003
	$'000	$'000
Finished goods		
At cost	20,239	15,605
At net realisable value	3,257	1,243
	23,496	16,848
Finished goods at net realisable value is stated after deducting provision for inventory obsolescence of	232	175

Movements in provision for inventory obsolescence during the year were as follows:

At beginning of year	175	-
Arising from acquisition of subsidiaries	-	431
Provision for the year	58	-
Write-back of provision	-	(2)
Write-off against provision	-	(253)
Translation difference	(1)	(1)
At end of year	232	175

15. TRADE RECEIVABLES

	Group	
	2004	2003
	$'000	$'000
Trade receivables	19,578	14,362
Less provision for doubtful trade debts	(1,255)	(1,329)
	18,323	13,033

Movements in provision for doubtful trade debts during the year were as follows:

At beginning of year	1,329	-
Arising from acquisition of subsidiaries	-	1,326
Provision for the year	-	15
Write-back of provision	(62)	-
Translation difference	(12)	(12)
At end of year	1,255	1,329

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	
	2004	2003
	$'000	$'000
Other receivables	3,383	4,299
Deposits	202	68
Prepayments	387	135
	3,972	4,502

17. DUE FROM SUBSIDIARIES (NON-TRADE)

These balances are unsecured, interest-free and repayable on demand.

18. FIXED DEPOSITS

Fixed deposits of a subsidiary amounting to approximately $59,000 (2003: $102,000) are pledged to banks in accordance with the regulatory requirements in the United Arab Emirates. It acts as a security against non-payment of custom duties and staff salaries.

During the financial year, pledge of fixed deposits of subsidiaries amounting to approximately $5,782,000 as at 31 December 2003 to the banks for the banking facilities granted to the subsidiaries has been replaced with a corporate guarantee given by the Company.

Fixed deposits earn interest ranging from 0.01% to 0.5% (2003: 0.1% to 1.1%) per annum.

19. BILLS PAYABLE TO BANKS

As at 31 December 2004, bills payable to banks amounting to $37,654,000 are secured by a corporate guarantee given by the Company.

During the financial year, pledges on the freehold premises (with a net book value of approximately $1,505,000 as at 31 December 2003), a leasehold office building (with a net book value of approximately $2,824,000 as at 31 December 2003), a director's personal property and fixed deposits of subsidiaries (amounting to $5,782,000 as at 31 December 2003) and joint and several guarantees by 2 directors of the Company to secure the banking facilities granted to the subsidiaries have been replaced with a corporate guarantee given by the Company.

The average effective interest rate of bills payable of the Group is 3.45% (2003: 2.61%) per annum. These bills mature within 1 to 4 months from the end of the financial year.

20. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Other payables	1,080	312	-	-
Accrued operating expenses	1,398	3,759	20	20
	2,478	4,071	20	20

21. FINANCE LEASE OBLIGATIONS

	Group			
	2004		2003	
	Total minimum lease payments	Present value of payments	Total minimum lease payments	Present value of payments
	$'000	$'000	$'000	$'000
Not later than 1 year	150	136	128	116
2 to 5 years	291	263	237	221
Total minimum lease payments	441	399	365	337
Less: amounts representing finance charges	(42)	-	(28)	-
Present value of minimum lease payments	399	399	337	337

The lease periods range from 1 to 7 years with options to purchase at the end of the lease term. The average discount rate implicit in the leases is about 4.38% (2003: 4.42%) per annum.

Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

22. SHARE CAPITAL

	Group and Company			
	2004		2003	
	Number of shares	$	Number of shares	$
Authorised				
At beginning of the year	400,000,000	20,000,000	6,200,000	6,200,000
- Increase in authorised share capital by creation of 13,800,000 new ordinary shares of $1 each	-	-	13,800,000	13,800,000
20,000,000 ordinary shares of $1 each	-	-	20,000,000	20,000,000
Sub-division of each ordinary share of $1 each into 20 ordinary shares of $0.05 each	-	-	400,000,000	20,000,000
At end of the year				
400,000,000 ordinary shares of $0.05 each	400,000,000	20,000,000	400,000,000	20,000,000

	Group and Company	
	Number of shares	$
Issued and fully paid		
At 1 January 2003	-	-
- Issue of 2 initial subscriber shares on incorporation	2	2
- Issue of 6,199,998 ordinary shares of $1 each pursuant to the Restructuring Exercise	6,199,998	6,199,998
6,200,000 ordinary shares of $1 each	6,200,000	6,200,000
Sub-division of each ordinary share of $1 each into 20 shares of $0.05 each	124,000,000	6,200,000
- Issue of 42,000,000 ordinary shares of $0.05 each pursuant to the initial public offering of the Company	42,000,000	2,100,000
At 31 December 2003		
166,000,000 ordinary shares of $0.05 each	166,000,000	8,300,000
- Issue of 33,200,000 ordinary shares of $0.05 each pursuant to a bonus issue on the basis of 1 : 5 via capitalisation from share premium account	33,200,000	1,660,000
At 31 December 2004		
199,200,000 ordinary shares of $0.05 each	199,200,000	9,960,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

23. RESERVES

	Note	Group		Company	
		2004	2003	2004	2003
		$'000	$'000	$'000	$'000
Share premium	A	3,781	5,441	3,781	5,441
Revenue reserve	B	9,857	6,211	2,073	2,889
Capital reserve	C	779	779	-	-
Translation reserve	C	(123)	(68)	-	-
		14,294	12,363	5,854	8,330

	Group	
	2004	2003
	$'000	$'000
Retained by:		
- the Company	5,854	8,330
- subsidiaries	8,440	4,033
	14,294	12,363

Note A

The share premium account may be applied only for the purposes specified in the Companies Act. The balance is not available for distribution of dividends except in the form of shares.

During the financial year, 33,200,000 ordinary shares of $0.05 each, amounting to $1,660,000, are issued via capitalisation of $1,660,000 from the share premium account. Accordingly, share premium account decreased from $5,441,000 to $3,781,000.

Note B

The revenue reserve of the Company is available for distribution as dividends.

Note C

Translation and capital reserves are not available for distribution.

24. DIVIDENDS, NET

	Group and Company	
	2004	2003
	$'000	$'000
Final one-tier tax exempt dividend of $0.0117 per ordinary share in respect of the financial year ended 31 December 2003	1,942	-
Interim one-tier tax exempt dividend of $0.005 per ordinary share in respect of the financial year ended 31 December 2004	996	-
	2,938	-

25. COMMITMENTS AND CONTINGENCIES

(a) Letters of credit (secured)

As at 31 December 2004, the Group had letters of credit amounting to approximately $6,950,000 (2003: $4,734,000), issued in the normal course of business in favour of third parties.

The letters of credit are secured by a corporate guarantee given by the Company.

(b) Foreign exchange contract

The notional or contract amount of forward foreign exchange contracts committed by a subsidiary as at 31 December is as follows:

	2004	2003
	$'000	$'000
Forward foreign exchange contracts	-	1,875

As at 31 December 2003, the subsidiary had an outstanding forward exchange contracts for the purpose of buying Japanese Yen to be delivered at predetermined future dates so as to hedge the foreign exchange risk arising from significant trade payables denominated in Japanese Yen that were payable on those same dates. The subsidiary was committed to deliver the US$ equivalent of the contracted sum at the predetermined exchange rates on the respective dates. There is no forward foreign exchange contract outstanding as at 31 December 2004.

(c) Non-cancellable operating lease commitments

The Group has various operating lease agreements in respect of the leasehold buildings and staff accommodation. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 58 years. Most leases contain renewable options.

25. COMMITMENTS AND CONTINGENCIES (Cont'd)

(c) Non-cancellable operating lease commitments (cont'd)

Future minimum lease payments under non-cancellable leases as of 31 December are as follows:

	Group	
	2004	2003
	$'000	$'000
Within 1 year	520	397
Within 2 to 5 years	1,088	854
After 5 years	8,697	6,413
	10,305	7,664

Lease terms do not contain restrictions on the Company's activities concerning dividends, additional debt or further leasing.

(d) Financial support to the subsidiaries

The Company has committed to provide financial support to 2 of its subsidiaries, JEL Franchise (Holdings) Pte. Ltd. and JEL Corporation (Africa) Pte Ltd, to enable them to operate as going concerns and to meet their obligations for at least the next 12 months from the dates of their respective directors' reports in relation to the financial statements for the year ended 31 December 2004.

26. RELATED PARTY INFORMATION

The Group had significant transactions with related parties on terms agreed between the parties as follows:

	Group	
	2004	2003
	$'000	$'000
Income		
Sales to a related party	-	46
Others		
Advances to a related party	-	9
Directors' fees	101	101
Directors' remuneration	1,307	1,401
Executive officers' remuneration	228	276

27. SEGMENT INFORMATION

The Group's primary format for reporting segment information is business segments, with each segment representing a strategic business activity. For management purposes, the Group is organised into two business segments, namely Trading and Distribution.

There are no inter-segment sales.

Trading: This relates to the sale of products to mainly importers. Trading sales are normally conducted on cash terms, where payment is receivable upon delivery of products.

Distribution: This relates to the sale of products to customers such as sub-distributors, wholesalers, retailers and mobile vendors through representative and distribution offices. Distribution sales are normally conducted on credit terms of between 30 – 90 days.

Segment revenue and expense/segment assets/segment liabilities/depreciation and amortisation

Revenue and cost of sales are directly attributable to the segments. Other segment expenses/income, segment assets, segment liabilities and depreciation and amortisation are allocated to the segments on a reasonable basis. Unallocated items mainly comprise corporate assets and liabilities.

Capital expenditure

Capital expenditure cannot be directly attributed to individual segments and it is impractical to allocate them to the segments.

Business segments

2004	Trading	Distribution	Consolidated
	$'000	$'000	$'000
Segment revenue	98,125	45,203	143,328
Profit from operations	5,603	2,581	8,184
Financial expenses, net			(667)
Tax			(882)
Minority interests			(51)
Net profit attributable to Members of the Company			6,584
Assets	16,888	26,692	43,580
Unallocated assets			25,260
Total assets			68,840
Liabilities	25,906	15,453	41,359
Unallocated liabilities			3,227
Total liabilities			44,586
Depreciation and amortisation	495	228	723

27. SEGMENT INFORMATION (Cont'd)

2003	Trading	Distribution	Consolidated
	$'000	$'000	$'000
Segment revenue	81,425	34,769	116,194
Profit from operations	4,729	3,251	7,980
Financial expenses, net			(491)
Tax			(1,257)
Minority interests			(9)
Net profit attributable to Members of the Company			6,223
Assets	14,821	20,654	35,475
Unallocated assets			17,328
Total assets			52,803
Liabilities	17,014	9,067	26,081
Unallocated liabilities			5,936
Total liabilities			32,017
Depreciation and amortisation	331	135	466

Geographical segments

Revenue by geographical segments is based on the destination of the products sold.

	Revenue	
	2004	2003
	$'000	$'000
Africa	34,779	25,800
Central Asia	19,536	14,624
Indo-China	30,491	25,384
Latin America	21,797	17,921
Others *	36,725	32,465
	143,328	116,194

* Others include countries such as India, China, UAE, Malaysia, Thailand, Former Soviet Union countries (other than those in Central Asia), Singapore, Japan, Indonesia, Brunei and South Korea. Revenue and profit contribution from each of these countries do not individually constitute more than 10% of the Group's revenue or profit before tax and minority interests.

27. SEGMENT INFORMATION (Cont'd)

The assets and capital expenditures are based on the location of those assets.

	Assets	Capital expenditure	Assets	Capital expenditure
	2004	2004	2003	2003
	$'000	$'000	$'000	$'000
Africa	6,954	157	3,462	55
Central Asia	2,471	34	4,179	41
Indo-China	1,354	122	1,105	43
Singapore	46,698	7,287	38,167	1,749
Dubai, UAE	11,313	81	5,890	44
Hong Kong	50	-	-	-
	68,840	7,681	52,803	1,932

28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are interest rate, liquidity, foreign exchange and credit risks. The policies for managing each of these risks are summarised below.

The Group enters into derivative foreign exchange contracts to hedge any material foreign exchange exposure. It is the Group's policy not to trade in derivative contracts.

Interest rate risk

The Group obtains additional financing through letter of credit and leasing arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign exchange exposure.

Surplus funds are placed with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

28. FINANCIAL INSTRUMENTS (Cont'd)

Credit risk

Credit risk, or the risk of counterparties defaulting, is managed through the application of credit approvals, credit limits and monitoring procedures. Cash terms and letters of credit are required for customers of lower credit standing. The extent of the Group's credit exposure is represented by the aggregate balance of cash and cash equivalents and receivables.

As at 31 December 2004, there were no significant concentrations of credit risk except for 3 major customers accounting for approximately 23.5% of the Group's gross trade receivables.

Foreign exchange risk

The Group is exposed to foreign exchange risk resulting from cash flows from transactions denominated in foreign currencies, primarily the United States dollar.

The Group enters into forward exchange contracts in respect of significant purchases in order to limit the Group's exposure to adverse fluctuations in foreign currency exchange rates. These instruments are executed with credit-worthy financial institutions. Gains and losses on these contracts serve as hedges in that they offset fluctuations that would otherwise impact the Group's financial results. Cost associated with entering into such contracts are not material to the Group's financial results. The Group does not use foreign currency forward exchange contracts for trading purposes.

Foreign currencies received are maintained in foreign currency accounts as a hedge against commitments in foreign currencies.

Fair values of financial instruments

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents and other current receivables

The carrying amount approximates fair value due to the relatively short-term maturity of these instruments.

28. FINANCIAL INSTRUMENTS (Cont'd)

Short-term borrowings and other current payables
The carrying amount approximates fair value because of the short period to maturity of these instruments.

Lease obligations
The fair values of these financial instruments approximate the carrying amounts after discounting the relevant cash flows using current interest rates for similar instruments at balance sheet date.

Disclosure of the nature of financial instruments and their significant terms and conditions that could affect the amount, timing and certainty of future cash flow is presented in the respective Notes to the financial statements, where applicable.

29. SUBSEQUENT EVENTS

Subsequent to the end of financial year:

(i) the Company proposed the issue of 19,920,000 new ordinary shares of $0.05 each pursuant to a bonus issue on the basis of 1 bonus share for every 10 existing shares of $0.05 each via capitalisation of $996,000 from the share premium account.

(ii) the Company declared a final one-tier tax exempt dividend of $0.0075 per ordinary share, amounting to $1,494,000 in respect of the financial year ended 31 December 2004 which is subject to shareholders' approval at the forthcoming Annual General Meeting.

(iii) a subsidiary entered into an agreement with a property developer for the construction of a new warehouse and office building at Jebel Ali Free Trade Zone for an estimated amount of approximately $2.99 million.

30. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2004 were authorised for issue in accordance with a resolution of the directors on 26 February 2005.

JEL Corporation (Holdings) Ltd. ("JEL") is committed to a high level of corporate governance and seeks to comply with the Code of Corporate Governance (the "Code") wherever possible. This report outlines JEL's corporate governance practices and activities for the financial year ended 31 December 2004.

1. BOARD OF DIRECTORS

a) Board Composition

Presently, the Board of Directors (the "Board") comprises 3 Non-Executive Independent Directors and 3 Executive Directors, namely:-

Non-Executive Independent Directors
Sim Cheok Lim
Lee Choon Hui, Francis
Tan Kok Hiang

Executive Directors
Tan Boon Yong, Eric, *Chairman and Chief Executive Officer*
Leow Hock Leong
Wee Teck Han

b) Role of Chairman and Chief Executive Officer

The Code outlines that the roles of Chairman and Chief Executive Officer ("CEO") should in principle be separate, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Group's Executive Director, Tan Boon Yong, Eric, assumes the role of both the Chairman and CEO. The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairman of the Board and the CEO is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

All major decisions made by the Executive Chairman and CEO are reviewed by the Audit Committee. His performance and appointment to the Board are reviewed periodically by the Nominating Committee and his remuneration package is reviewed periodically by the Remuneration Committee. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

c) Role of the Board of Directors

The Board sets the overall business direction, provides guidance on the Group's strategic plans with particular attention to growth and financial performance, and oversees the management of the Group.

The Board's primary functions include:

(i) approving policies, strategies, structure and direction of the Group;
(ii) overseeing and monitoring managerial and organisational performance and the achievement of strategic goals and objectives;
(iii) ensuring that there are in place appropriate and adequate systems of internal controls and risk management, and effective processes for financial reporting and compliance;
(iv) approving the annual budget, major capital expenditures and funding proposals, and investment and divestment proposals;
(v) assuming responsibilities for good corporate governance practices; and
(vi) approving half year announcement and annual announcement and financial statements.

To discharge its duties effectively and efficiently, and to allow for detailed consideration of issues, the Board has established three committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each committee has its own defined scope of duties and terms of reference setting out the manner in which it is to operate and the functions for achieving its stated objectives. The compositions of the committees are as follows:

Directors	Audit Committee	Remuneration Committee	Nominating Committee
Sim Cheok Lim	Chairman		Chairman
Lee Choon Hui, Francis	Member	Member	
Tan Kok Hiang	Member	Chairman	Member
Tan Boon Yong, Eric		Member	Member

The Board has decided to meet at least four times a year, on a half-yearly basis, twice informally and twice formally. In addition, for matters requiring immediate or urgent consideration by the Board, ad-hoc Board meetings are also convened as and when circumstances require. The Company's Articles of Association also provides for telephone conference and video conferencing meetings.

In FY2004, the number of meetings held and attended by each member of the Board is as follows:-

Number of meetings held in FY2004	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total held in FY2004	5	2	1	1
Tan Boon Yong, Eric	5	-	1	1
Wee Teck Han	5	-	-	-
Leow Hock Leong	5	-	-	-
Sim Cheok Lim	5	2	1	-
Lee Choon Hui, Francis	5	2	-	1
Tan Kok Hiang (appointed on 11.2.2004)	3	2	-	1

Newly appointed directors are given briefings by Management on the Group's business activities and its strategic decisions. The Directors are also furnished with relevant information and updates relating to the Group's corporate governance practices, and are also provided with updates on changes in laws and regulations relevant to the Group's businesses and operating environment on a regular basis.

Internal guidelines and authority limits have been laid down for Management to administer the Group's day-to-day operations. These guidelines and limits are reviewed by the Board from time to time, and adjusted when necessary. In addition, the Group has in place guidelines for approval of major capital and revenue expenditures and investments. The Board's approval is required beyond authorised amounts, specified for transactions, including but not limited to tender participation, financing activities, investments, purchase of fixed assets and disposal/write-off of assets. Other matters that require Board approval include appointments to the Board, business plans and strategies, the annual budget, material transactions, public announcements, and dividends to shareholders.

d) Board Committees

To assist the Board in the execution of its duties, the Board has delegated specific functions to the Audit Committee, the Nominating Committee and the Remuneration Committee.

Audit Committee

The Audit Committee ("AC") comprises Sim Cheok Lim, Lee Choon Hui, Francis and Tan Kok Hiang, all of whom are non-executive and independent directors. The Chairman of AC is Sim Cheok Lim.

The Board is of the view that the present members of the AC are appropriately qualified to discharge their responsibilities. The Board reviews the composition and effectiveness of the members of the AC from time to time.

The AC assists the Board in fulfilling its responsibilities to safeguard the Company's assets, to ensure that Management maintains requisite accounting records, and to develop and maintain effective systems of internal control.

The overall objective of AC is to ensure that Management has put in place and maintains an effective control environment in the Group, and that Management by example encourages respect for the internal control structure among all parties.

The terms of reference of AC include, inter alia, the following:-

a) Review the Company's financial and operating results and accounting policies;
b) Review the Company's financial statements and the Group's consolidated financial statements as well as the external auditors' reports on those financial statements before submission to the Board;
c) Review the co-operation given by the Management to the auditors;
d) Review the Company's audit plans and reports of the external auditors' examination and evaluation of the internal accounting control system;
e) Review transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual; and
f) Review the re-appointment of the external auditors.

The AC has full access to and co-operation of the Management, has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC confirms that it has undertaken a review of all the non-audit services provided by the external auditors during the year and is satisfied that such services would not, in the AC's opinion, compromise the independence of the external auditors.

The AC meets with the external auditors without the presence of management at least once a year.

Nominating Committee

The Nominating Committee ("NC") comprises Independent Directors Sim Cheok Lim and Tan Kok Hiang, and Executive Director Tan Boon Yong, Eric. The Chairman of the NC is Sim Cheok Lim. The present composition of the NC satisfies the requirement of the Code of Corporate Governance, which provides that the NC should comprise at least three Directors, a majority of whom, including the Chairman should be Independent Directors.

The NC has adopted, in its terms of reference, the criteria for determining the independence of a Director as set out in the Code, and will assess and review the independence of each Director at least once a year.

The NC is primarily responsible for implementing formal, transparent and objective procedures for appointing Board members and for assessing the effectiveness of the Board as a whole and contributions by each individual Director to the effectiveness of the Board.

The NC's principal functions are:

a) To make recommendations to the Board on all Board appointments;
b) To be responsible for the re-nomination of Directors, having regard to each Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;
c) To determine, at least annually, whether or not a Director is independent;
d) To decide whether or not a Director is able to, and has been adequately carrying out his duties as a Director of the Company; and
e) To assess the effectiveness of the Board as a whole, the contribution by each individual Director to the effectiveness of the Board, and to decide how the Board's performance may be evaluated.

In respect of the current year under review, the NC has conducted a formal assessment of the effectiveness of the Board as a whole, and is of the view that our current Board comprises Directors who, as a group, possess the necessary core competencies to competently direct the Company and its Management to perform effectively and efficiently.

Pursuant to Article 91 of the Company's Articles of Association, every Director shall retire from office once every three years and for this purpose, at each Annual General Meeting ("AGM"), one third of the Directors for the time being shall retire from office by rotation.

The NC has evaluated the performance of the Directors who are retiring under rotation at the forthcoming AGM of the Company, and, having satisfied itself that these Directors are competent, the NC has recommended to the Board for consideration their reappointment to the Board at the forthcoming AGM.

Remuneration Committee

The Remuneration Committee ("RC") comprises Independent Directors Tan Kok Hiang and Lee Choon Hui, Francis, and Executive Director Tan Boon Yong, Eric. The Chairman of the Committee is Tan Kok Hiang.

The primary functions of the RC are to review and recommend the remuneration terms of individual Directors and key executives, and to implement and administer the JEL Employees' Share Option Scheme, which gives recognition to the contributions made by employees and Directors. As at the date of this report, there are no options on the unissued shares of the Company or its subsidiaries which are outstanding.

The principal functions of the RC are:

a) To recommend to the Board a framework of remuneration for the Board and key executives of the Company;
b) To determine specific remuneration terms for each Executive Director, the CEO, and other key executives;
c) To recommend to the Board for endorsement the remuneration terms of the CEO;
d) To consider and approve salary and bonus recommendations in respect of key executives;

e) To consider and recommend to the Board all aspects of remuneration for Directors, including but not limited to Directors' fees; and
f) To administer the JEL Employees' Share Option Scheme adopted by the Group and decide on the allocations and grants of options to eligible participants under the Share Option Scheme.

The salary and other remuneration terms of the Executive Directors and key executives are bench-marked against the remuneration of its industry peers and comparable companies.

The remuneration packages of each of the Executive Directors comprise a fixed and a variable component. The variable component forms a significant proportion of the remuneration package and is dependent on the performance and profitability of the Company and individual performance. This ensures a close alignment of the interests of the executives with those of the shareholders.

Directors' fees are set in accordance with a framework comprising basic fees and additional fees for serving on Board committees. These fees are subject to approval by shareholders as a lump sum at the AGM.

The Company has entered into a Service Agreement with Tan Boon Yong, Eric, Chairman and Chief Executive Officer (CEO) for a fixed period of three years with effect from 22nd August 2003, the date of admission of the Company to the Official List of the SGX-ST. Leow Hock Leong, Chief Operating Officer and Wee Teck Han, Chief Financial Officer each has entered into a Service Agreement for a fixed period of one year with effect from 1 January 2005, and thereafter renewable for fixed periods of two years.

The Independent Directors have no service agreement contracts. They are appointed pursuant to, and hold office under and in accordance with, the Articles.

A breakdown showing the percentage mix of each individual Director's remuneration payable for financial year ended 31 December 2004 is as follows:

Remuneration Band and Name of Director	Base Salary %	Variable or Performance Related Income/ Bonus %	Directors' Fee %	Total %
S$500,000 and above				
Tan Boon Yong, Eric	55.4	44.6	-	100
Below S$250,000				
Leow Hock Leong	67.0	33.0	-	100
Wee Teck Han	64.5	35.5	-	100
Sim Cheok Lim	-	-	100	100
Lee Choon Hui, Francis	-	-	100	100
Tan Kok Hiang (Appointed on 11-2-2004)	-	-	100	100
Chng Beng Beng, Ben (Resigned on 11-2-2004)	-	-	-	-
Executive Officers				
Below S$250,000				
Toh Tiat Yeong	82.8	17.2	-	100
Adnan Suppiah Muniandy	82.0	18.0	-	100
Ng Soon Heng, Alex (Resigned on 31-10-2004)	93.5	6.5	-	100

No key executive during the financial year 2004 was an immediate family member (as defined in the Listing Manual of the SGX-ST) of any Director of the Company.

2. INTERNAL CONTROLS

The Group has a well-established internal audit programme and compliance functions. It has also put in place appropriate risk management processes to evaluate and manage the financial risks of the Group.

The Board is satisfied that the Group's system of internal control is functioning satisfactorily.

3. INTERNAL AUDIT

The internal audit function of the Group is performed by a team from the Internal Audit Department. The Internal Auditor reports functionally to the Chairman of the AC and administratively to the CEO.

The team is responsible for reviewing the effectiveness of the Group's internal control systems, and for ensuring compliance in accordance with the audit plan approved by the AC.

The activities and organisational structure of the internal audit function are monitored and reviewed by the AC periodically to ensure that the Internal Audit Department has the necessary resources to adequately perform its functions and that there is no unjustified restrictions or limitations placed in the performance of its duties.

4. COMMUNICATIONS WITH SHAREHOLDERS

The Company does not practice selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

Information is communicated to shareholders on a timely basis through:

- annual reports that are prepared and issued to all shareholders;
- a summary of the financial information and affairs of the Group for the half year and full year that are published through the MASNET;
- notices of and explanatory memoranda for annual general meetings and extraordinary general meetings; and
- web-based investor information posted on popular finance sites such as Shareinvestors.com and Wallstraits.com.

In addition, shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Group's strategy and plans. The AGM is the principal forum for dialogue with shareholders.

The notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 working days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. The Chairman of the Audit, Remuneration and Nominating Committees are normally available at the meeting to answer those questions relating to the work of these committees.

5. DEALINGS IN SECURITIES

The Group has adopted a code of conduct which provides guidance to its officers with regard to dealings in the Company's securities, in compliance with the Best Practices Guide of the SGX-ST.

6. INTERESTED PERSON TRANSACTIONS

In compliance with the SGX-ST listing requirements, the Group confirms that there was no interested person transaction during the financial year under review.

7. MATERIAL CONTRACTS

Save for the service agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interest of the Chief Executive Officer or any Director or controlling shareholders subsisting at the end of the financial year ended 2004.

STATISTICS OF SHAREHOLDINGS

AS AT 23RD FEBRUARY 2005

(Co Registration No: 200106139K)

Authorised Share Capital	:	$ 20,000,000
Issued and Paid up Capital	:	$ 9,960,000
Class of Shares	:	Ordinary Shares of $ 0.05 each
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	21	1.97	8,090	0.00
1,000 - 10,000	341	31.96	1,969,142	0.99
10,001 - 1,000,000	694	65.04	35,866,568	18.01
1,000,001 and above	11	1.03	161,356,200	81.00
Total	**1,067**	**100.00**	**199,200,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Tan Boon Yong, Eric	132,362,000 [1]	66.45
2	UOB Kay Hian Pte Ltd	8,027,000 [1]	4.03
3	Kim Eng Securities Pte Ltd	5,605,000	2.81
4	HSBC (Singapore) Nominees Pte Ltd	3,698,800	1.86
5	Leow Hock Leong	3,011,000	1.51
6	Phillip Securities Pte Ltd	1,735,400	0.87
7	Citibank Consumer Nominees Pte Ltd	1,629,000	0.82
8	DBS Nominees Pte Ltd	1,498,200	0.75
9	Wallstraits.com Pte Ltd	1,328,000	0.67
10	Tan Gek Gnee	1,300,000	0.65
11	United Overseas Bank Nominees Pte Ltd	1,161,800	0.58
12	Paul Maurice Alphonsus	881,000	0.44
13	DBS Vickers Securities (S) Pte Ltd	811,000	0.41
14	Hartoko Sarwono	804,000	0.40
15	OCBC Nominees Singapore Pte Ltd	781,400	0.39
16	Wee Teck Han	704,000	0.35
17	Wong Hin Yet	641,400	0.32
18	Tan Sia Keng	579,000	0.29
19	Lim & Tan Securities Pte Ltd	536,200	0.27
20	Hong Leong Finance Nominees Pte Ltd	528,000	0.27
	Total	**167,622,200**	**84.14**

[1] As at 23 February 2005, of the 8,027,000 shares in which UOB Kay Hian Pte Ltd has an interest, 7,090,000 shares are held in trust for the Chairman and CEO of the Group, Tan Boon Yong, Eric.

STATISTICS OF SHAREHOLDINGS

AS AT 23RD FEBRUARY 2005

(Co Registration No: 200106139K)

SUBSTANTIAL SHAREHOLDER

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	No. of Shares	%	No. of Shares	%
Tan Boon Yong, Eric	132,362,000	66.45	7,090,000	3.55

SHAREHOLDINGS HELD BY THE PUBLIC

As at 23 February 2005, approximately 28.13% of the issued ordinary shares of the Company is held by the public. Rule 723 of the SGX Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

(Co Registration No: 200106139K)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of JEL Corporation (Holdings) Ltd. ("the Company") will be held at JEL CENTRE, 11 Changi North Way, Singapore 498796 on Wednesday, 30 March 2005 at 4.30 pm for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2004 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a final dividend of 0.75 cents per ordinary share (one-tier tax exempt) for the year ended 31 December 2004 (2003: 1.17 cents per share).

   (Resolution 2)

3. To re-elect the following Directors retiring pursuant to Article 92 of the Company's Articles of Association:

   Mr Tan Boon Yong, Eric **(Resolution 3)**
   Mr Wee Teck Han **(Resolution 4)**

4. To approve the payment of Directors' fees of S$101,000 for the year ended 31 December 2004 (2003: S$101,000).

   (Resolution 5)

5. To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors to fix the remuneration of the Auditors.

   (Resolution 6)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. **Authority to allot and issue shares up to 50 per centum (50%) of issued share capital**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares and convertible securities (whether by way of rights, bonus or otherwise) in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance

with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. [See Explanatory Note (i)]

(Resolution 7)

8. **Authority to allot and issue shares under the JEL Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the JEL share Option Scheme ("the Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time. [See Explanatory Note (ii)]

(Resolution 8)

By Order of the Board

Tan Cher Liang
Secretary
Singapore, 14 March 2005

Explanatory Notes:

(i) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company.

For the purpose of this resolution, the percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

Note:

1. A Member entitled to attend and vote at the Annual General (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at JEL CENTRE, 11 Changi North Way, Singapore 498796 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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JEL CORPORATION (HOLDINGS) LTD.

(Co Registration No: 200106139K)

(Incorporated In The Republic of Singapore with limited liability)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy JEL Corporation (Holdings) Ltd. shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____

of _____

being a member/members of [Name of Company] (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 30 March 2005 at 4.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Financial Statements for the year ended 31 December 2004		
2	Payment of proposed final dividend		
3	Re-election of Mr Eric Tan Boon Yong as a Director		
4	Re-election of Mr Wee Teck Han as a Director		
5	Approval of Directors' fees amounting to S$101,000		
6	Re-appointment of Ernst & Young as Auditors		
7	Authority to allot and issue new shares		
8	Authority to allot and issue shares under the JEL Employees' Share Option Scheme		

Dated this _____ day of _____ 2005

Total number of Shares in: No. of Shares

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

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

*Delete where inapplicable

PLEASE
AFFIX 23
CENTS
POSTAGE
STAMP HERE

JEL CORPORATION (HOLDINGS) LTD
JEL CENTRE
11 Changi North Way
Singapore 498796

FOLD HERE

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

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

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

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at JEL CENTRE, 11 Changi North Way, Singapore 498796 not less than 48 hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument].

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

JEL Corporation (Holdings) Ltd.
JEL CENTRE, 11 Changi North Way, Singapore 498796
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