8I Holdings Limited

Annual Report FY2017

Content

Investing in value is what we do. Developing value to its greatest potential is what we do best.

Our people define us. Actions anchored by values, of those that are beyond measure. Our friendships bound by trust, in partnerships that bond beyond business.

Our business thrives on our acumen and relentless pursuit, of the results that matter, at the moments that truly do.

We understand value beyond just numbers, because we believe human potential is what truly defines it.

Who We Are

8I Holdings Limited ("the Group" or "8IH") is a public listed investment company in Australia with interests in public and private markets investment, fund management and financial education.

The Group invests in public listed companies and private businesses. Through 8 Capital Pte Ltd ("8 Capital"), the Group operates a licensed fund management business in Singapore and is also one of the leading financial education and training providers in Singapore and Malaysia through 8VIC Global Pte Limited ("8VIC"), supporting participants across China, Taiwan, Thailand, Myanmar, India, Vietnam and Dubai to build a foundation of value investing knowledge and methodology.

Our Story

What started as a mastermind group on value investing has become a grand vision.

8 Investment Pte Ltd was established in 2008 by Clive Tan and Ken Chee at the height of the subprime crisis, with one purpose in mind:

"To create a platform to share value investing knowledge and to inspire people's lives forward through value investing."

Through its value investing methodology, the Group achieved tremendous growth with its Education, Public and Private Markets Investment teams and have since been listed on Australian Securities Exchange (ASX) since 2014.

In line with its vision of being one of the reputable Value Investors of Asia, 8IH continues to invest knowledge and resources into existing stakeholders and potential businesses to power their growth through value investing.

Investment in Public Markets

Investment in Private Markets


Education

Our Mission

Inspiring you forward through value investing.

Creating an ecosystem to share value investing knowledge and providing the right resources to inspire and empower the growth of 100 million lives through Education, Investment and Business.

What Defines Us

8I's Unique Culture

Below is an extract from a letter written by Clive Tan, Executive Director of 8I Holdings, to all team members in the employee handbook known as "Alice Journal" on the value statements of 8I Holdings.

To truly grow as an individual and as a company requires us to master and enjoy the work that we do, and be happy doing it. Very few people enjoy being micro-managed and to micro-manage others. Our team members belong to a class of people whom we believe can live the value statements that guide us.

To live in this world is a Great Blessing and if you are not having Fun living your life and getting stressed unnecessarily at work, it means that there are adjustments and changes needed at your end. We keep in mind a basic principle that: "For Things to Change, First I Must Change." We are mindful that our Corporate Personality (if there's such a thing) is not the typical serious and restrictive type so often portrayed in the Press and coffee shop talk. We possess a zest for life that rival those who truly desire for themselves a great life that develops them into an always evolving, growing and developing conscious human being.

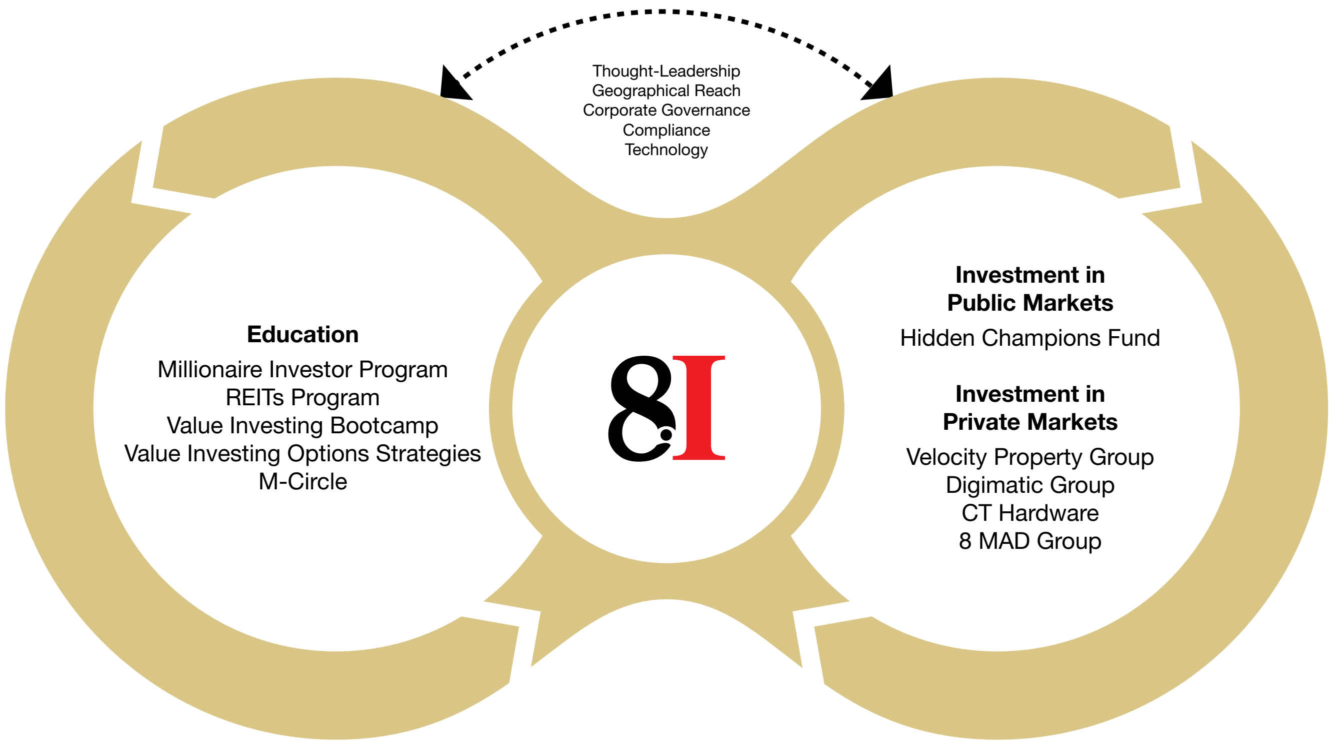
Being an investment company, a statement about our financial beliefs is fundamental. We believe in being Value-Conscious (expressed as one of our value statements), which means that we are careful with spending company funds on various pursuits, be it in investments, company expansion, team member remuneration and benefits, and capital expenditure. We focus on making much more than we spend, and this can best be realised by looking to the example of Berkshire Hathaway & the Singapore Government. This is in alignment of our objective of creating sustainable long-term wealth and success for all stakeholders.

Our Core Values

Team members of 8I Holdings live by a set of core values that is practised every day in their daily activities.

Our Business Ecosystem

Contributing to an educated pool of investors and a sustainable pipeline of investments.



Strategic Overview

Many times, it is not a race but a marathon, and we thank those that stayed firm and believe in a bright future with us.

Ken Chee
Chairman & Executive Director

Chairman's Message

Dear Valuable Partners,

I apologise that I made a mistake last year.

With all the best intentions of boosting 8I Holdings Limited's ("8IH") liquidity and expanding the Group's business operations, the Private Markets Investment team (Growth Champions) was commissioned in early FY17 to embark on a corporate exercise in the Far East.

The exercise included six months of intense due diligence with our professional consultants for a greater certainty in the entire business' value proposition. This, however, has led us to incur a one-time cost of S$2.5M.

Nonetheless, after a rigorous process of evaluating professional advisory, and re-balancing internal corporate objectives, we have decided to affirm and strengthen our position as a diversified financial group. We are already progressing on this path, it does take patience and persistence to achieve the desired results, which explains a number of our recent developments that include:

1. Education division [8I Education (S) Pte Ltd ("8IE"), renamed as 8VIC Global Pte Limited ("8VIC")] to spin off to support its global expansion;

2. Public Markets Investment division [8 Capital Pte Ltd ("8 Capital")] has received Monetary Authority of Singapore ("MAS")'s approval for our asset management license.

For someone who would rather choose to sleep in our Kuala Lumpur office to save on hotel accommodation, this company expense has led to many sleepless nights and many more strands of grey hair.

And for those reading my letter for the first time, you may find my approach rather frank and forthcoming. My rationale is simple; I would want the management of a company that I invested in to be candid and open about their own successes and learning experiences in order to understand how the business is being run factually. Hence, this is what I want to do with our team, business partners and you (our shareholders). I believe that to build a long term sustainable partnership requires one to be candid, open and being able to share the news, whether good, pleasant or not.

Knowledge comes from all kinds of experiences, even for less pleasant ones. We do not take this experience and the other lessons that come with it lightly. This particular lesson reminded me of Warren Buffett's advice; "No matter how great the talent or efforts, some things just take time. You can't produce a baby in one month by getting nine women pregnant". Since then, we have taken immediate actions to reassess our Group's business model and have made the necessary refinements.

As much as this letter's opening may come across as less than positive, I can assure you that this is not the case for our company's future. Integrated in our unique investment eco-system, our three core business units remain to be our central focus. Education (Knowledge Champions), Public Markets Investment (Hidden Champions Fund) and Private Markets Investment (Growth Champions) all continue to grow with great promise. I will leave the performance review to Clive and more details to the respective key managers to update through each of their own letters to you separately.

Our financial performance for FY17 are summarised below:

- Net Asset Value stands at S$61.7M, a 17.7% increase as compared to FY16;
- Revenue and investment income (including other income and gains) stands at S$30.7M, a 2.8% decrease as compared to FY16;
- Post Tax Earning stands at S$11.5M, a 34.6% decrease as compared to FY16.

With the increase in our Net Asset Value and the earnings we have had in the previous years, we are declaring a final cash dividend of 0.25 Singapore cent per share to all our valuable partners to reflect our appreciation for the commitment to us.

Taking into account the one-time cost, the reality remains that our company did not do as well since our earnings decreased by 20%. The decrease was largely due to lesser gains from our Private Markets Investment division, as each deal is unique and is not comparable in terms of absolute monetary returns.

In my humble view, the ramifications of the legitimate loss are not acceptable. We will look to address this result through two aspects.

Firstly, as we refine our business model, we will continue to focus on recurring revenue and cash flow. We plan to achieve this by retaining a significant stake in our Education business; growing the Asset Under Management for the Hidden Champions Fund; as well as continuing to groom our Growth Champions investees to unlock greater shareholder value.

With this in mind, we are prepared to contend with business challenges and headwinds in the next few years. This includes accepting a possible disruption of business earnings in the next two to three years before we see a stronger earning and cash flow stream.

As management, we believe this to be the most pragmatic approach and we hope that you will continue to support us. Many times, it is not a race but a marathon, and we thank those that stayed firm and believe in a bright future with us.

Secondly, we are also in search of a Group CEO to take on the Group's operations and management as I concentrate on the strategic matters of the Group as Chairman. This management shift is in line with Pauline Teo being appointed as the executive director and CEO of 8VIC and Kee Koon Boon as the director and CEO of 8 Capital (asset manager of the Hidden Champions Fund).

The sharing of responsibilities is in the best interests of everyone so that we could be focused and work together as a team towards our shared success. For that reason, I will still continue to be of service to you, our shareholders and be one of the key advocates for the Company's growth.

I need to stress again that 8IH is built upon the fundamental understanding and belief that the company will outlive the founders based on meritocracy. Therefore, you as a valuable partner can seek comfort to know that only the most able capital stewards and operating managers can steer and operate this ship for many years ahead with integrity, capability and high energy.

Chairman's Message

Lastly, as per previous years, I would like to restate our company's criteria in acquiring private operating businesses and Koon Boon will share more about Hidden Champions companies.

Our selection criteria for private businesses is as follows:

1. The business owner must not be looking just for a sell-out. We are growth capital that want to empower private businesses to scale with our eco-system. Hence, the intention must be for long term sustainable growth.

2. The business must come with core leadership and management because we do not provide it.

3. The business must demonstrate Indestructible Intangible Know How (IIKH in short) with innovative thought leadership in solving an imminent problem or increase pleasure for humanity.

4. There must be great client experience and feedback using the products or services. This requires a constant focus on aligning thought and operating processes with clients' requirements, experiences and feedback.

5. Revenue is Vanity, Profit is Sanity, Free Cash Flow is King. We prefer the last two but we like all three.

6. Businesses with minimum one million dollars of post-tax earnings (or show signs of growing towards it), operating cash flow higher than earnings, preferably with little or no debt and less than S$10M in valuation.

If you know of any businesses that are hungry to grow with our capital and eco-system, drop us an email at pe@8iholdings.com with a one-pager of your business description and audited accounts.

In conclusion, I would like to take this opportunity to express my sincere appreciation to all board and team members, partners, business associates, shareholders and programme graduates for your dedication, support and commitment. I consider myself blessed that I get to do what I love with a group of people whom I deeply respect and admire. After all these years, going to work after my morning exercise still invigorates me every single day. Thank you for letting me and my team serve you.

My team and I look forward to connecting with you at the Annual General Meeting soon. Meanwhile, wishing you love, great health and abundance.

Ken Chee
Chairman & Executive Director
8I Holdings Limited


8I HOLDINGS LTD

Board of Directors

Love People, Use Things

Ken Chee
Chairman & Executive Director

Ken Chee was appointed Chairman & Executive Director in May 2014. He is a co-founder of the 8I Group and is based in Singapore.

Ken graduated from the Singapore Polytechnic with a Diploma in Banking and Financial Services, and the University of Queensland with a Bachelor's Degree in Business Administration. He also attended Columbia Business School in New York and graduated from its Executive Program in Value Investing.

As an experienced marketing executive and entrepreneur, Ken's professional experiences include roles as a marketing specialist at Quicken (Singapore) and Regional Business Development Manager at Telekurs Financial. Within the 8I Group, Ken is one of the key executives involved in the strategic development and partnerships for the Group.

Ken was awarded the Spirit of Enterprise, Honoree Award in 2005 by the President of Singapore for outstanding business results. He is also a Young Presidents' Organisation member within the Singapore Chapter.

To have a deep sense of usefulness to the world and to make positive contributions to society is what drives me.

Clive Tan
Executive Director

Clive Tan was appointed Executive Director in May 2014. He is a co-founder of the 8I Group and is based in Singapore.

Clive graduated with an Honours Degree from the Nanyang Technological University in Mechanical and Production Engineering and attended University of Technology, Sydney on an academic exchange program. He also holds a Post-Graduate Diploma in Education from the National Institute of Education.

Clive started his professional career as a secondary school educator in Singapore. While teaching, the concept of value investing caught his attention and triggered his interest in investment. His entrepreneurial journey started when he and his wife acquired a childcare centre.

Since inception of the 8I Group in 2008, Clive is responsible for the strategic planning, development, corporate policies and risk management of the businesses. He is also deeply involved in the development of corporate policies and management of the group's Human Capital. Clive also chairs the board of Australian-listed Digimatic Group Limited.

Upholding integrity and trust in the management are essential for long lasting relationships and growth with our investors.

Charles Mac
Non-Executive Director

Charles Mac was appointed Non-Executive Director in April 2016.

Charles has more than 18 years of experience in the SAP IT industry, dealing with multinational companies in the Asia Pacific Region. He has held various leadership roles for large, global multinational companies with extensive experience across Asia Pacific in Team Management, Quality Management, Audits, Business Development and Contract Deliveries. He is an Australian citizen and holds a Bachelor of Computing (Information System) from Monash University.

Charles currently serves on the Board of an Australian-listed company, Ennox Group Limited as a Non-Executive Director.

While committed to uphold good corporate governance, shareholders' value continues to grow from strength to strength.

Chay Yiowmin

Non-Executive Director

Chay Yiowmin was appointed Non-Executive Director in September 2014.

Yiowmin heads BDO Singapore's Corporate Finance since 2012, providing business advisory services in the areas of mergers and acquisitions, corporate restructuring, financial modelling, corporate and financial instruments valuation, and financial and operational due diligence. Yiowmin has more than 19 years of public accounting experience in Singapore and the United Kingdom. Prior to joining BDO, Yiowmin has worked with various large multinational accounting firms, including PricewaterhouseCoopers, Deloitte and Moore Stephens. He was admitted as a partner in 2010 in Moore Stephens. Yiowmin is also the lead independent director and chairman of the audit committee for UMS Holdings Limited which is listed on the Singapore Exchange.

Yiowmin holds a Bachelor of Accountancy (Hons) and a Master of Business from Nanyang Technological University ("NTU"), and a Master of Business Administration from University of Birmingham. Yiowmin is also a practicing member of the ISCA, an Associate Chartered Accountant ("ACA") of the Institute of Chartered Accountants in England and Wales ("ICAEW"), a Certified Finance and Treasury Professional ("CFTP") of the Finance and Treasury Association ("FTA"), and a Chartered Valuer and Appraiser of IVAS.

Yiowmin is also an active Grassroots Leader, serving as a treasurer with the Kebun Baru Citizens Consultative Committee ("CCC") and an auditor with the Thomson Hills Neighbourhood Committee ("NC"). He is also a member of the Kebun Baru and Thomson Inter-Racial and Religious Confidence Circles ("IRCC"). Yiowmin was recently awarded the Pingat Bakti Masyarakat (Public Service Medal) ("PBM") by the President of the Republic of Singapore on 9 August 2016.

Key Management

When you fall, immediately re-assess your position and strategise your next move. Overcome all obstacles and advance forward.

Louis Chua

Chief Financial Officer; Chief Risk Officer; and Company Secretary (Australia)

Louis Chua joined 8I Holdings in April 2015 as the Company's Chief Financial Officer.

Louis graduated from University of Queensland with a Bachelor of Commerce (Finance). He is a Member of the Institute of Singapore Chartered Accountants, The Association of Chartered Certified Accountants, and Certified Practising Accountant (CPA) Australia.

Louis is based in Singapore and has more than 15 years of financial and commercial experience including infrastructure development, treasury and controllership operations, group restructuring and consolidation, tax planning and mergers and acquisitions. Before he joined 8I Holdings, he had 9 years of experience within the offshore marine industry in Farstad Shipping, with its holding company listed in the Oslo Stock Exchange. He started his career in the Audit Division with Arthur Andersen (later Ernst & Young).

Within the 8I Group, Louis is responsible for risk management, corporate secretarial, controllership and treasury duties, as well as economic strategy and forecasting for the company.

I believe in the power of resilience – resilient ideas, resilient people and resilient companies that can weather any storm.

Kee Koon Boon

Chief Investment Officer; Director and Chief Executive Officer of 8 Capital Pte Ltd

Kee Koon Boon joined the 8I Group in September 2015 and is based in Singapore.

He graduated from Singapore Management University with a double Bachelor Degree in Accounting and Business Management, as well as a Masters in Finance by research.

Koon Boon has over 14 years of experience in the Asian capital markets. His expertise includes investment research, fund and risk management as well as accounting fraud detection. He is also the Managing Editor of Moat Report Asia, a research service focused exclusively on highlighting undervalued wide-moat businesses in Asia.

Koon Boon was previously the Managing Director of Aegis Knowledge Pte Ltd, Fund manager with Aegis Portfolio Managers Pte Ltd as well as Portfolio Manager in Mirae Asset. He had also taught accounting courses at the Singapore Management University and launched the pioneering module of Accounting Fraud in Asia. In addition, he has also trained CEOs, entrepreneurs, CFOs, management executives in business strategy, value investing, macroeconomic and industry trends, and detecting accounting frauds in Singapore, Hong Kong and China.

Within the 8I Group, Koon Boon is responsible for managing the Public Markets Investment team, fund management activities of 8 Capital Pte Ltd, the growth of listed Asian equities investments in the Hidden Champions Fund, as well as advising the Company's management in its Private Market investments according to its Value Investing methodology.

I thrive to empower women to take charge of their financial future while juggling their career, marriage and children – if I can do it, anyone can.

Pauline Teo
Director and Chief Executive Officer of Education

Pauline Teo is the Chief Executive Officer of the Education segment of the 8I Group and a Director of 8VIC Global Pte Limited. She has been with the 8I Group since July 2011.

Pauline graduated from the Nanyang Technological University with a Master of Arts (Instructional Design and Methodology) and a Bachelor in Business Studies. She is based in Singapore, and has more than 10 years' experience working as a public servant, primarily in the field of learning and development.

During a period with the Singapore Ministry of Defence and in the Civil Service College of Singapore Pauline led a team of course developers and had experience doing the full spectrum of training and development, ranging from conducting learning-needs analysis to evaluation.

Pauline is responsible for the management, operations and development of the Education segment of the Company. She is also one of the key speakers/trainers for the various programmes, seminars and coaching sessions that the Company undertakes.

It is possible to strike a balance between business and compassion to create win-win outcomes for both sides.

Low Ming Li
Head of Private Markets Investment

Low Ming Li is the Head of Private Markets Investment at 8I Holdings. She has been with the Company since September 2015 and is based in Singapore.

Ming Li graduated with a Bachelor in Accountancy and minor in Banking and Finance (Second Class Upper) from Nanyang Technological University. She was previously with PricewaterhouseCoopers Singapore for over 13 years, where she held the position of Associate Director (Assurance) and was in charge of strategizing and rolling out new business development initiatives, coordinating audit assignments as well as training & development. Her past clients include Singapore Exchange Limited, the Government Investment Corporation of Singapore and Singapore Press Holdings.

Within the Company, Ming Li is responsible for the successful planning, execution, monitoring, control, and completion of business and investment deals under the Private Markets Investment segment.

I prefer to maintain open communications as clarity saves time and aligns expectations.

Sally Teo
Chief Branding Officer

Sally Teo is the Chief Branding Officer of 8I Holdings. She has been with the Company since July 2016 and is based in Singapore.

Sally graduated with a Bachelor of Commerce (Marketing) from the University of New South Wales (Australia). Prior to her appointment in the Company, she was the Senior Manager for Marketing, Product and Channel Development in Seraya Energy and had more than 17 years of marketing experience across various industries. Her expertise included global implementation of marketing campaigns, new product launches, corporate development, business processes as well as pioneering comprehensive solutions that resulted in growth and corporate awards.

Within the 8I Group, Sally is responsible for the management of the Company's brands, as well as Investor Relations and Corporate Communications.

Global Heads

My passion at work is not just a feeling, but a long-term commitment in what I do.

Sean Seah
Director of Education (Global)

Sean Seah is the Director of Education (Global) for the Company and is based in Singapore. He is also the founder and CEO of Financial Joy Institute Pte Ltd (to be renamed 8VIC Singapore Pte Ltd) which provides investment education under the brand name of Value Investing College.

Sean received First Class Honours in Bachelor of Business with a Major in Applied Economics from Nanyang Technological University in 2005. Prior to his role in Financial Joy Institute, Sean served in the Singapore Armed Forces from 2005 to 2012 as a Military Guards Officer and served as a Company Officer Commander (Captain), where he led and trained a company of 150 men for military operations in the Guards Unit. His last position was a Staff Officer (Major) in the SAF Centre of Leadership, where his primary role included designing and conducting leadership programmes for young SAF scholars.

Within the Group, Sean is responsible for the growth and development of the Education segment across the globe including Singapore, Malaysia, Taiwan, Thailand, Myanmar, Vietnam, India and Dubai.

The only thing missing between what we have now and what mankind can ever achieve as a race, is simply the right frame of mind and a spirit of perseverance.

Dr Daniel Kao
Chief Operating Officer of Education, General Manager (Singapore)

Dr Daniel Kao is the Chief Operating Officer of Education (Global) for the Company and is based in Singapore. He is also the current Executive Director of Financial Joy Institute Pte Ltd (to be renamed 8VIC Singapore Pte Ltd) which provides investment education under the brand name of Value Investing College.

Daniel graduated from the National University of Singapore with a Bachelors in Medicine and Surgery in 2008. He joined Financial Joy Institute in 2009 as a trainer and have since taken on the operational, marketing as well as management roles.

Within the Group, Daniel is responsible for the strategic planning and global operations of the Education segment as well as management and consolidation of the programmes and schedule across the globe including Singapore, Malaysia, Taiwan, Thailand, Myanmar, Vietnam, India and Dubai.

If you want to go fast, go alone. If you want to go far, go with your team.

Gary Yeow
Director and General Manager of Education (Malaysia)

Gary Yeow is the Director of 8VIC Malaysia Sdn Bhd (previously known as 8I Education (M) Sdn Bhd) and General Manager of Education (Malaysia). He has been with 8I Group since May 2012.

Gary graduated from Anglo-Chinese Secondary School in Sitiawan, Malaysia and ventured into business a few years after graduation. Before joining the 8I Group, he was the Director of GYP Enterprise Sdn Bhd, a business engaged in the wholesale and manufacturing of building materials since 1995.

Gary oversees the management and operation activities of the Education segment in Malaysia and is responsible for the efficiency and profitability of the Company's operations in Malaysia.

The value of your existence is measured by what you can provide for others.

Tian Dehua

Director and General Manager of 8IH China (Shanghai) Co. Ltd

Tian Dehua is the General Manager & Director of 8IH China (Shanghai) Co. Ltd [信益安(上海)实业有限公司]. He has been with the 8I Group since August 2015 and is based in Shanghai, China.

Dehua graduated from Hubei University in 1997 with a Degree in Accounting, majoring in Economics and completed an Executive Program with China's Tsinghua University on Real Estate Management. With 18 years of experience in sales, marketing and planning of large-scale developments in China's real estate industry, Dehua was the Vice President of JHT Investment Holdings Limited, and Vice Chairman of Beijing JHT Investment Fund Management Co. Limited before joining the Education segment of the Company.

Dehua is responsible for the management, promotion and operations of the 8I Group in China.

Having a strong vision drives one to work with passion and purpose.

Zhou Guiyin

Head of Shanghai Programme

Zhou Guiyin is the Chief Trainer of Shanghai Value Investing Programme.

Guiyin graduated from Shandong University of Finance and Economics with a Bachelor's degree in Economics and a Master's degree in Business Administration from Shanghai University of Finance and Economics. He was also nominated Postgraduate Tutor by the Finance College of Shandong University of Finance and Economics in 2013, and initiated Rongdao Book Club and Shanghai Rongdao Culture Communication Co. Ltd.

Guiyin was previously a commentator and research specialist for numerous finance programmes and channels including CCTV. Within the Company, Guiyin is responsible for the training and promotion of Value Investing Education within China.

Operations Overview

Just as a mountaineer reaches a peak, before he can reach the next peak, he needs to make a descent first. Yet any descent will be similar to a base camp rest point where we can regroup and recuperate. This will provide us with the foundation for climbing the next peak.

Clive Tan
Executive Director

Financial & Operations Review

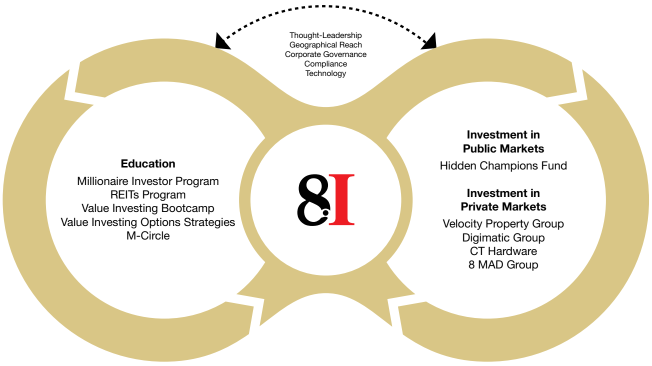
Dear Valuable Partners,

Our revenue and investment income for the financial year ended 31 March 2017 (FY17) is recorded at S$28.9M (FY16: S$20.6M) and our net profit for the year stands at S$11.5M (FY16: S$17.6M). This represents an increase of 40.6% in revenue and investment income and a drop of 34.6% in net profit, as compared to prior financial year. Total comprehensive income attributable to owners of the Company for the current financial year is S$8.6M (FY16: S$21.1M).

This reduction in net profit is largely attributable to the absence of earning recognition in FY16 from one of our investee companies, which experienced an extraordinary run in share price. There is also a reversal in the same company that resulted in a reduction in other comprehensive income in the current financial year. Just as a mountaineer reaches a peak, before he can reach the next peak, he needs to make a descent first. Yet any descent will be similar to a base camp rest point where we can regroup and recuperate. This will provide us with the foundation for climbing the next peak. And we will have many peaks which we will ascend in the coming years.

And because we are now a public listed company, our successes (and learning experiences and everything in between) will be open to all and subject to scrutiny. When we are private, we can shout about our successes and nurse our learning experiences (and injuries) quietly and the public will only perceive that we have achieved our successes in a very smooth manner. But now that we have you, our shareholders, to account to, you will also experience every ups and downs in the business together with us. Know that life and business doesn't operate in a linear smooth manner, and by taking this journey with us as our shareholder, we cannot guarantee a smooth ride but I can assure you that it will be a most human experience and if our strategies are sound, our plans are well executed, with sufficient blessings, we will all end up wealthier than before.

As our group experiences fast growth, we will want to make sure that the group is built on a solid foundation of sound business systems, processes and practices. This requires continuous investment into expanding and growing our talent pool, having both hard and soft infrastructure in place; and establishing and implementing the right strategies, plans and policies, so as to produce the best returns on investment.



We continue to strategise and plan our business model and growth in view of our overall investment ecosystem. All of the 3 business units are independently managed and run even though they are closely linked with each other. The independence of each division managers will allow the respective units to fully immerse in their course of work so as to be well-positioned for any adjustments needed to complement our corporate strategies.

This satisfies one of the factors (under the FASS model shared previously): Adaptability, which is what we look at when evaluating businesses, plans and execution.

With an increase in scale, relevancy and connectivity will grow to become critical issues, particularly with the top leadership and management being disconnected from the grounds. Many traditional stalwarts in various sectors (such as retail, transportation, hospitality etc.) are being disrupted by well-funded innovative businesses which leveraged on the technology for speed and scalability. Risk of losing relevancy can be reduced by having day-to-day operational decisions made by the people closest to the market, and making sure that our teams can adapt quickly to any changes detected. With that, the top leadership at 8I can continue to stay focused to keep the business ahead of the curve.

Business Segment Report

Investment in Public Markets

Our listed securities segment registered segmental profits of S$1.9M. We performed relatively well (Hidden Champions Fund 15.9% vs. MSCI APAC 14.0% & STI 11.8%). In the spirit of laying strong foundation for sustainable good performance, we will ensure that we groom our investment team to become a prolific team, and that our investment process continues to be rigorous and relevant.

Our investment business (via 8 Capital) has also received the license for Registered Fund Management Company (RFMC) from the Monetary Authority of Singapore (MAS). This is a testimony to our investment process, internal controls and compliance that we have put in place which will enable us to scale our Public Markets Investment segment to be positioned as a deep-value asset manager. The RFMC status will also allow us to work on expanding the Assets under Management (AUM), which will in turn establish our base to expand our investment business.

As mentioned in last year's report, contributions from the Investment segment is expected to be lumpy in nature. While a rigorous process that is well-executed by a proficient team will optimise portfolio selection and allocation, the end-results are still largely subjected to the volatility of the capital markets. Nevertheless, we must not forget that it is often in challenging times that the best opportunities will be uncovered, and we believe that it will be then that Hidden Champions will start to shine.

Our CIO and CEO (for 8 Capital), Kee Koon Boon, will be presenting a detailed write-up on our Public Markets Investment division separately.

Financial & Operations Review

Investment in Private Markets

The Private Markets Investment segment achieved a segmental profit after tax of S$6.0M, a reduction from the previous S$17.2M. This is after taking into account the S$2.5M expenditure on a corporate exercise that we had embarked on.

On 7 February 2017, we successfully listed Velocity Property Group Ltd on the ASX ("VP7"). As a shareholder of VP7, 8IH will continue to monitor and support VP7 going forward. VP7 continues to be a boutique developer producing highly desirable residential properties.

As announced in May 2017, in view of our refined strategy, Hemus Pacific will also be sold back to the founding owners, subject to the approval of the Company's shareholders.

We will continue to identify companies and businesses that fits our selection criteria: companies with a solid track record, strong management in place that we can acquire for a reasonable price. Similar to our Public Markets Investment segment, as with all kinds of investments, the returns from the Private Markets Investment segment is also lumpy by nature and deals-dependent. While it may contribute immensely to the Group when a great deal pans out, the nature of this business continues to carry with a degree of uncertainty that will be impacted by external factors.

Our Head of Private Markets Investment division, Low Ming Li, will be presenting a detailed write-up on our Private Markets segment separately.

Education

Our Education segment has increased its revenue by 58.8% to S$10.7M (FY16: S$6.8M) in the financial year reported, with segmental profit after tax at S$3.6M (FY16: S$2.4M), up 52%. This increase is largely due to the acquisition of Financial Joy Institute Pte Ltd ("FJI") and the overall good performance of the Education team.

We are working on the integration of 8VIC (previously 8IE and FJI separately) to give us an enlarged talent pool through the combination of both operations. This is an important factor in making sure that 8VIC's operations can scale successfully. Through 8VIC, we have conducted the programmes in Singapore, Malaysia, Taiwan, Thailand, Myanmar, India, Vietnam, Australia and China and will look to expand to other countries and cities in the region and the world subsequently. As previously announced, we are also working on 8VIC's listing on the SGX-ST Catalist.

With an overseas operations to propel our growth and in a multiple-pronged approach, we believe that our business should continue to grow in a fast yet sustainable manner. We are also leveraging on technology and its applications to ensure that we can reach out to more participants around the region and beyond.

We remain focused on adding value to all our stakeholders, especially our customers. As our shareholders who understand and believe in us, you may wish to introduce more of your relatives, friends and associates to our programme offerings, not just in Singapore but around the region and the world.

Our executive director and CEO of 8VIC, Pauline Teo, will be presenting a detailed write-up on our Education division separately.

Financial Position

Most importantly, we are building the company on the foundation of a solid balance sheet. As at 31 March 2017, our Group's total assets stand at S$68.6M (FY16: S$59.9M). Our net asset has increased from S$52.4M in prior financial year to S$61.7M in the current financial year. Most of our assets are in cash and cash equivalents amounting to S$12.6M (FY16: S$18.7M); and investment securities and available-for-sale financial assets amounting to S$39.4M (FY16: S$33.3M).

As we continue to grow both organically and inorganically, we are also looking at many potential companies and believe that a strong cash position is important to capitalise on opportunities. While our cash position may be impacted if we decide to pursue any opportunities, please be assured that both Ken and I, with the support of our CFO Louis, will ensure that our balance sheet remains sound and healthy.

In Summary

With a solid foundation, rigorous processes governed by sound principles and a dynamic team, 8IH is poised to grow well into the future. It might be tempting to crave for immediate gratification, we must however recognise that all successes (material or otherwise) stem not just from desire, but also the long term efforts. It takes years, and decades for a child to develop his/her innate talent and passion to achieve what they want to become and I want to assure you that we look at 8IH as our child to nurture and groom in the long term. Management, like parents, often find themselves having to make hard decisions for the company, but it is more often than not, for the best of the company under certain conditions. I remain optimistic that we will grow 8IH to become a company that achieves goals and objectives that we have set, and that you will be proud to be a shareholder of, long-term.

Subsequent Events after Financial Year

Subsequent to the financial year, 8IH and its subsidiary entered into a share swap and buy-back Agreement with Clear A2Z Pte Ltd ("Clear A2Z") and Mr Lim Ming Shen ("Mr Lim") for sale of all the Group's interest in Hemus Pacific Private Limited ("Hemus Pacific") for a consideration of 7,000,000 8IH shares in the form of Chess Depository Interests, subject to shareholder approval. Clear A2Z is an investment holding company owned by Mr Lim, one of the founders of Hemus Pacific.

The transaction is aimed at share value accretion for 8IH and its shareholders, providing 8IH with the opportunity to hold Buy-Back Shares in treasury to explore and consider other investment opportunities and will also enable Hemus Pacific to undertake capital intensive growth for its business in the region, independent of the Group.

Clive Tan
Executive Director
8I Holdings Limited

Financial Highlights

For the financial year ended
31 March 2017

Revenue & Investment Income

S$28.9 million

S$20.6 million in FY2016

Total Comprehensive Income

S$8.9 million

S$21.3 million in FY2016

Net Profit for the Financial Year

S$11.5 million

S$17.6 million in FY2016

Total Assets

S$68.6 million

S$59.9 million in FY2016

Post Tax Net Tangible Asset Per Share

A$0.146

As of 31 March 2017

Corporate Highlights

26 April 2016:

Inaugural Capital Precession Program

8I Holdings Limited's subsidiary, 8VIC Global Pte. Limited (8VIC) (formerly known as 8I Education (S) Pte Ltd), successfully launched its inaugural Capital Precession Program in Singapore.

Capital Precession Program provides thought leadership training to private business owners and entrepreneurs on sustainable growth through a resilient business model to empower a company's growth towards a public listing. The completion of Capital Precession Program adds to the list of financial education courses that 8VIC offers, and provides 8I Holdings with a potential pipeline of investible businesses for its Private Markets Investment team.

6 May 2016:

Acquisition of CT Hardware Sdn Bhd

8I Holdings Limited entered into a Subscription and Shareholders' agreement with CT Hardware Sdn Bhd ("CT Hardware").

CT Hardware is a Malaysia-based business engaged in the wholesale and retail sale of power tools, equipment and machinery since 1977. It is an official dealer for Bosch, and carries other international brands including Kärcher, Grundfos, Skil, Pferd, Toptul, Stanley, Tsurumi, Fasco, Stihl, Robin and Ingersoll-rand.

29 June 2016:

Acquisition of Financial Joy Institute Pte Ltd

8I Holdings Limited entered into a Share Swap Agreement for the acquisition of Financial Joy Institute Pte Ltd (FJI). FJI provides financial and investment education through its main brand, Value Investing College ("VIC"). VIC has been conducting its signature Value Investing Bootcamp ("VIB") in Singapore, Malaysia, Taiwan, Thailand, Myanmar, India and Vietnam, with plans to expand to South Africa, Australia, Philippines, Dubai, Japan and China.

19 August 2016:

Sale of Oxford Views Pty Ltd

8I Holdings Limited completed the sale of its holdings in Oxford Views Pty Ltd via its subsidiary Oxford Views Pte Ltd.

The disposal of Oxford Views Pty Ltd enables 8I Holdings Limited realise a net gain and increase its consolidated cash on hand and receivables to seek other investment opportunities in property development and 8IH's listed and unlisted security investment portfolio.

7 September 2016:

Acquisition of 8 MAD Group Sdn Bhd

8I Holdings Limited entered into a Share Sale and Subscription agreement for the acquisition of 8 MAD Group Sdn Bhd ("8MG"). 8MG is an investment holding company based in Malaysia with two subsidiaries under the Group: MAD Integrated Sdn Bhd and MAD Training Sdn Bhd.

MAD Integrated Sdn Bhd is an integrated branding and marketing communications consultancy specializing in the provision of strategic branding, public relations, digital and event marketing programmes.

MAD Training Sdn Bhd is an educational training and consulting company that provides customized training and performance coaching solutions to both learning institutions and corporations.

With 8MG's access to potential growth companies in Malaysia through it's subsidiaries activities, the acquisition is expected to provide the Company with a potential pipeline of investible businesses for its Investments in Private Markets Division.

1st April 2016 – 31st March 2017

28 September 2016:

Sale of Velocity Holdings Pty Ltd

8I Holdings Limited completed the sale of Velocity Holdings Pty Ltd via its subsidiaries of Red Hill Pte Ltd and Fusion 462 Pte Ltd.

The disposal of Velocity Holdings Pty Ltd enables 8I Holdings Limited realise a net gain and increase its consolidated cash on hand and receivables to seek other investment opportunities in property development and 8IH's listed and unlisted security investment portfolio.

30 September 2016:

Acquisition of Hidden Champions Fund

8I Holdings Limited has completed the acquisition of the management shares of the Hidden Champions Fund ("HCF") from Emerging India Fund Management Ltd.

The purpose of acquiring the HCF is to gradually restructure the way 8IH's listed securities are held. The HCF will be seeded by 8IH Global Limited and is expected to house the listed investment securities of the Company and its subsidiaries.

The HCF's investment objective is to achieve long-term investment returns in listed equities in the Asia- Pacific through a focused strategy of investing in low-profile underappreciated Asian Hidden Champions who are dominant market leaders in sophisticated, hard-to-imitate niche products and valuable critical niches that are largely invisible to the average consumer yet are indispensable to their well-being in daily life. By investing at an earlier stage in the long-term growth trajectory path of these Hidden Champions in Asia, the HCF aims to achieve positive returns.

7 February 2017:

Velocity Property Group Limited Officially Quoted on ASX

Velocity Property Group Limited (formerly known as Velocity Holdings Pty Ltd) has been officially quoted on the Official List of the Australian Securities Exchange on 7 February 2017. Velocity has raised approximately A$10.7M under its initial public offering, by issue of 53.3 million ordinary shares at A$0.20 per share.

The listing of Velocity is in line with 8IH's model of unlocking and expanding asset and shareholder value by identifying promising companies and developing them from growth stage to exit stage.

31 March 2017:

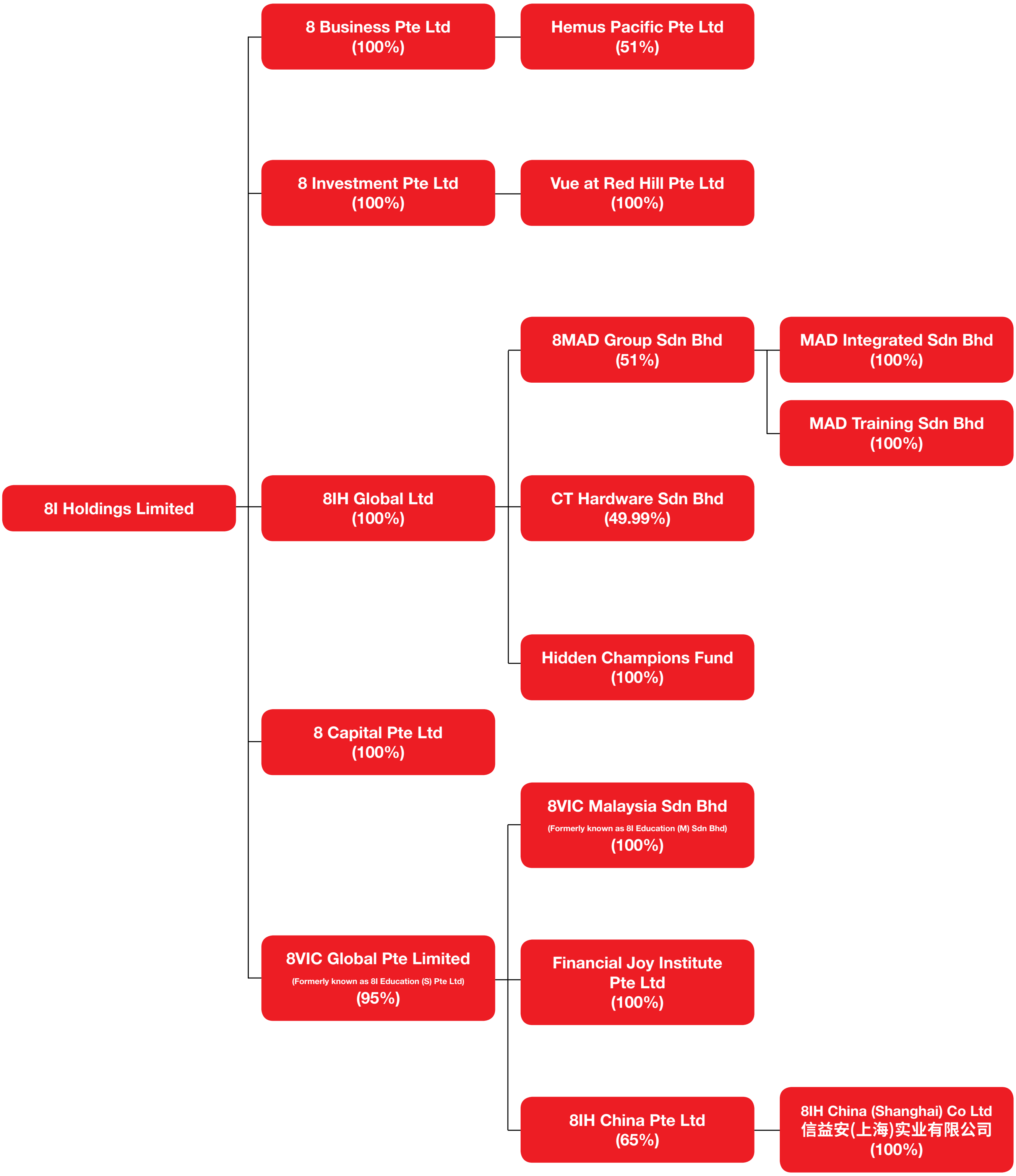
Acquisition of Remaining 49% Equity Interest in Financial Joy Institute

8I Holdings Limited entered into a Share Swap Agreement with the founders of Financial Joy Institute Pte Ltd ("FJI"), to swap the remaining 49% equity interest of FJI with 8IH and 8VIC shares. 8VIC will own 100% equity interest of FJI.

Mr Seah Weiming and Dr Daniel Kao, founders of FJI, will be appointed as key management of 8IH's Education Division to continue the expansion of FJI's operations.

Corporate Structure

As at 5 June 2017



Note: % indicates controlling interest in subsidiaries and associate companies.

Corporate Information

As at 31 March 2017

Directors	Mr Chee Kuan Tat, Ken (Executive Chairman) Mr Clive Tan Che Koon (Executive Director) Mr Chay Yiowmin (Non-Executive Director) Mr Charles Mac (Non-Executive Director)(Appointed on 26 April 2016)
Company Secretary (Singapore)	Mr Ang Teck Huat
Company Secretary (Australia)	Mr Louis Chua Chun Woei (Appointed on 26 April 2016)
Company Registration Number	201414213R
ARBN	601 582 129
Registered Office (Singapore)	Goldbell Towers, 47 Scotts Road, #03-03/04, Singapore 228233 Tel : +65 6225 8480 Fax : +65 6235 0332
Registered Office (Australia)	C/- SmallCap Corporate Pty Ltd, Suite 6, 295 Rokeby Road, Subiaco WA, Australia, 6008 Tel : +61 (8) 6555 2950 Fax : +61 (8) 6166 0261
Principal Place of Business	Goldbell Towers, 47 Scotts Road, #03-03/04, Singapore 228233
Share Registrar	Boardroom Pty Limited Level 7, 207 Kent Street, Sydney, NSW, Australia 2000 Tel : +61 (2) 9290 9600 Fax : +61 (2) 9279 0664
Auditors	PricewaterhouseCoopers LLP Public Accountants and Chartered Accountants 8 Cross Street #17-00, PWC Building, Singapore 048424 Singapore Partner in Charge: Rebekah Khan Cheng Han (Since 2016) Tel : +65 6236 3388 Fax : +65 6236 3715
Stock Exchange Listing	8I Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: 8IH)
Website	www.8iholdings.com

Governance

Remuneration Report

This remuneration report set out information about the remuneration of 8I Holdings Limited's key management personnel for the financial year ended 31 March 2017. The term 'key management personnel' refer to those persons having authority and responsibility for planning, directing, controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Remuneration policy

The remuneration policy of 8I Holdings Limited has been designed to align director and executive objectives with shareholder and business objectives. The board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company and Consolidated Group, as well as create goal congruence between directors, executives and shareholders.

All remuneration paid to directors and executives is valued at the cost to the Consolidated Group and expensed.

The names and positions of key management personnel of the Company and of the Consolidated Entity who have held office during the financial year are:

Chee Kuan Tat, Ken	Executive Chairman
Clive Tan Che Koon	Executive Director
Chay Yiowmin	Non-Executive Director
Charles Mac	Non-Executive Director (Appointed on 27 April 2016)
Kee Koon Boon	Chief Investment Officer; Director and Chief Executive Officer of 8 Capital Pte. Ltd.
Low Ming Li	Head of Private Markets Investment Division
Pauline Teo Puay Lin	Director and Chief Executive Officer of 8VIC Global Pte. Limited
Louis Chua Chun Woei	Chief Financial Officer; Chief Risk Officer; and Company Secretary (Australia)
Sally Teo	Chief Branding Officer

Service Agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalized in a service agreement. For Non-Executive Directors, these terms are set out in a Letter of Appointment. The major provisions of the agreements relating to Directors' remuneration are set out below.

Name	Base Salary[(1)]	Fees	Term of Agreement	Notice Period
Chee Kuan Tat, Ken	S$360,000 p.a.	S$nil	No fixed term	N/A
Clive Tan Che Koon	S$250,000 p.a.	S$nil	No fixed term	N/A
Chay Yiowmin	S$nil	S$42,000 p.a.[(2)]	No fixed term	N/A
Charles Mac	S$nil	S$42,000 p.a.[(2)]	No fixed term	N/A

[(1)] *Excluding employer's Central Provident Fund (CPF) contribution*
[(2)] *Non-executive director fee*

Remuneration Report *(continued)*

Details of Remuneration

A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration for the financial year ended 31 March 2017 is set out below:

Name of Directors	Salary* %	Bonus/Profit-sharing %	Directors' Fee %	Total %
S$250,000 to below S$500,000				
Chee Kuan Tat, Ken	100	-	-	100
Clive Tan Che Koon	100	-	-	100
Below S$100,000				
Chay Yiowmin	-	-	100	100
Charles Mac (appointed on 26 April 2016)	-	-	100	100

Name of Key Management Personnel	Designation	Salary* %	Bonus/Profit-sharing %	Total %
S$250,000 to below S$500,000				
Pauline Teo Puay Lin	Director and Chief Executive Office of 8VIC Global Pte. Limited	68	32	100
S$100,000 to below S$250,000				
Kee Koon Boon	Chief Investment Officer; Director and Chief Executive Officer of 8 Capital Pte. Ltd.	79	21	100
Low Ming Li	Head of Private Markets Investment Division	77	23	100
Louis Chua Chun Woei	Chief Financial Officer; Chief Risk Officer; and Company Secretary (Australia)	69	31	100
Below S$100,000				
Sally Teo	Chief Branding Officer (appointed on 5 July 2016)	93	7	100

** Salary is inclusive of fixed allowance and CPF contribution.*

The total remuneration of each Key Management Personnel has not been disclosed in dollar terms given the sensitivity of remuneration matters and to maintain the confidentiality of the remuneration packages of these Key Management Personnel.

Remuneration Report (continued)

Details of Remuneration (continued)

The total remuneration of the top five key executives (who are not directors of the Company) is S$940,632 for the financial year ended 31 March 2017.

There were no terminations, retirement or post-employment benefits granted to Directors and Key Management Personnel other than the standard contractual notice period termination payment in lieu of service for the financial year ended 31 March 2017.

No employee whose remuneration exceeded S$50,000 during the financial year is an immediate family member of any of the members of the Board. The Company did not provide any equity compensation to Directors or executives during the financial year ended 31 March 2017.

The Company also reimburses validly incurred business expenses of Directors and Key Management Personnel.

Other Information

There were no loans made to any Key Management Personnel during the financial year or outstanding at financial year ended.

Apart from disclosed elsewhere in this report, there were no transactions with Key Management Personnel during the financial year. During the financial year, the Remuneration Committee reviewed and approved the Company's remuneration policy.

Directors Meetings

Since the beginning of the financial year, five meetings of directors were held. Attendances by each director during the period were as follows:

DIRECTORS' MEETINGS		
DIRECTORS	ELIGIBLE TO ATTEND	ATTENDED
Chee Kuan Tat, Ken	5	5
Clive Tan Che Koon	5	5
Chay Yiowmin	5	5
Charles Mac (appointed on 26 April 2016)	5	5

Environmental Issues

The Company's operations comply with all relevant environmental laws and regulations, and have not been subject to any actions by environmental regulators.

Directors' Statement

For the financial year ended 31 March 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2017 and the statement of financial position of the Company as at 31 March 2017.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 39 to 104 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

Directors

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

Mr Chee Kuan Tat, Ken
Mr Clive Tan Che Koon
Mr Charles Mac (appointed on 26 April 2016)
Mr Chay Yiowmin

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.3.2017	At 1.4.2016	**At 31.3.2017**	At 1.4.2016
8I Holdings Limited				
(No. of ordinary shares)				
Mr Chee Kuan Tat, Ken	**86,358,500**	86,800,000	**21,991,741**	20,755,741
Mr Clive Tan Che Koon	**65,091,500**	65,500,000	**21,991,741**	20,755,741

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and date of this statement.

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

Directors' Statement

For the financial year ended 31 March 2017

Audit Committee

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

Mr Chay Yiowmin
Mr Clive Tan Che Koon
Mr Charles Mac (appointed on 26 April 2016)

All members of the Audit Committee were non-executive directors, except for Mr Clive Tan Che Koon.

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

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

- the assistance given by the Company's management to the independent auditor; and

- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2017 before their submission to the Board of Directors.

- reviewed the audit plans of the external auditors of the Group and the Company, and reviewed the auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external auditors

- reviewed the half-yearly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors

- reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the auditor

- met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC

- reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

- reviewed the cost effectiveness and the independence and objectivity of the external auditor

- reviewed the nature and extent of non-audit services provided by the external auditor

- recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit

- reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Directors' Statement

For the financial year ended 31 March 2017

Independent Auditor

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

On behalf of the directors

Chee Kuan Tat, Ken
Director

Clive Tan Che Koon
Director

31 May 2017

Financial

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of 8I Holdings Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:
- the consolidated statement of financial position of the Group as at 31 March 2017;
- the statement of financial position of the Company as at 31 March 2017;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Singapore Accounting and Corporate Regulatory Authority 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.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

PricewaterhouseCoopers LLP, 8 Cross Street #17-00, PWC Building, Singapore 048424
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Acquisition of Financial Joy Institute Pte. Ltd. ("FJI") Refer to Notes 3 (critical accounting estimates, assumptions and judgements) and 29 (i) (Business combinations) to the financial statements. We focused on the accounting for the acquisition of FJI as the transaction is material and it required key areas of judgement related to: • Purchase price allocations • Whether the transaction is entered as a multiple arrangements or a single arrangement ***(a) Acquisition of 51% equity interest in FJI*** On 29 June 2016, the Group acquired 51% equity interest in FJI by way of share swap for a purchase consideration of $2.04 million and FJI became a subsidiary of the Group. The management engaged an external valuation specialist to perform the purchase price allocation for this acquisition, including the identification of intangible assets in line with FRS 103 Business combinations. Based on the purchase price allocation exercise, only goodwill has been identified as an intangible asset, being the difference between the purchase consideration and the fair value of the identifiable assets acquired and liabilities assumed. ***(b) Acquisition of the remaining 49% non-controlling interest in FJI*** On 31 March 2017, the Group acquired the remaining 49% equity interest in FJI (9 months period since the first transaction) by way of share swap for a purchase consideration of approximately $4.6 million.	We have performed the following procedures: • We discussed with senior management to understand the commercial substance for the transactions. • We involved our valuation specialists to review management purchase price allocation and its assessment of the identification of intangible assets. • We assessed management's basis to justify that both transactions should be accounted as multiple arrangements in line with FRS 110. • We assessed the appropriateness of the disclosures in the financial statements relating to the acquisitions. We found the judgement and assumptions used by management to be supportable.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
The treatment of this transaction requires significant judgement to determine whether the transaction is entered as multiple arrangements or a single arrangement under FRS 110 Consolidated Financial Statements. Based on the assessment performed by management, they have concluded that these are two separate transactions as they are negotiated and entered into at two different point of time, and the arrangement is not dependent on each other (different commercial objectives).	
Impairment assessment on goodwill Refer to Note 14 (intangible assets) to the financial statements. Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. We focused on impairment assessment of goodwill due to the significant judgment and estimates by management in the impairment assessment. ***(a) Goodwill relating to the Education Cash Generating Unit ("CGU") ($1.5 million).*** Management used the value in-use calculations to assess the recoverable amount of the education CGU. The key assumptions relate to discount rates, and growth rates (short term and long term for revenues and operating margin). Based on the results of impairment test performed by management, there was no impairment in value of goodwill as the recoverable amounts of the CGU, determined based on value-in-use calculations, exceeded its carrying value, including goodwill as at 31 March 2017. The key assumptions and sensitivity analysis are disclosed in Note 14 of the financial statements. ***(b) Goodwill relating to the Private Markets CGU ($1.9 million)*** Management used the fair value less cost to sell to determine the recoverable amount of the Private Markets CGU. The fair value less cost to sell was determined based on the sale of the Group's interest in the Private Markets CGU which occurred after the end of the financial year.	We have performed the following procedures: • We evaluated the reasonableness of management's estimate of the revenue annual growth rate and operating margin by taking into consideration the CGU's past performance and management's expectations. • We involved valuation specialists to assist in the assessment of the discount rate applied by management. • We evaluated management's sensitivity analysis to assess the impact on the recoverable amount of the education CGU by reasonable possible changes to the annual growth rate and discount rate. • We reviewed the sales and purchase agreement relating to the subsequent sale of the Group's interest in the Private Markets CGU, and verified the consideration price used by management in the determination of the fair value less cost to sell. We found the key assumptions used to be reasonable and the sensitivity analysis to be appropriate.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
As the fair value less cost to sell is higher than the carrying value of the CGU, there was no impairment in value of goodwill.	
Decline in market value of available for sale financial assets ("AFS") as at 31 March 2017 Refer to Note 3 (critical accounting estimates, assumptions and judgements). The Group invests in equity securities, which are classified as AFS. These investments are measured at fair value with the corresponding fair value changes recognised in other comprehensive income. Impairment charges are recognised in the income statement when there has been a significant or prolonged decline in the fair value below their cost. At 31 March 2017, the fair value of an equity security, classified as AFS, amounting to$8,493,113, declined below cost by $1,204,046 (original cost: $9,697,159). The impairment assessment of AFS requires significant judgement to conclude whether the decline in value is significant or prolonged. Management has made a judgement that this decline is not significant or prolonged. In making this judgement, management considered, among other factors, the short-term duration of the decline, the small magnitude by which the fair value of the investment is below cost; and the positive financial health and short-term business outlook of the investee.	We have performed the following procedures: • We tested the determination of the fair value based on quoted market prices, • We discussed with management to obtain an understanding of their basis for concluding that there is no impairment in value of the AFS. • We obtained public share price information of share volatility movement and assessed the duration of the decline. • We read the latest available financial statements of the investee and announcements made by the investee. We found the Group's basis to be reasonable based on available evidence.
Prior year acquisition of investment in an associated company and disposal of subsidiaries Refer to Note 3.2 (correction of prior period adjustments in accounting for acquisition in an associated company) to the financial statements. On 30 June 2015, the Company's subsidiary, 8 Investment Pte. Ltd., acquired 100% of the issued share capital of Fusion 462 Pte. Ltd. ("Fusion 462"), Vue at Red Hill Pte. Ltd. ("Red Hill") and Oxford Views Pte. Ltd. ("Oxford Views"), together with their respective wholly-owned subsidiaries, Fusion 462 Pty Ltd ("Fusion 462 Aus"), Vue at Red Hill Pty Ltd ("Red Hill Aus") and Oxford Views Pty Ltd ("Oxford Views Aus") at an aggregate consideration of A$2,329,207. Fusion 462, Fusion 462 Aus, Red Hill, Red Hill Aus, Oxford Views and Oxford Views Aus became wholly-owned subsidiaries of the Company immediately thereafter.	We have performed the following procedures: • We obtained the sales/purchase agreement (both acquisition and share exchange interest agreements) to assess the terms and obligations, and interdependencies between these transactions. • We discussed with management to understand the commercial substance of the transactions. • We evaluated how the purchase price consideration was allocated to the fair value of assets and liabilities and goodwill.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
On 2 July 2015, Fusion 462 and Red Hill sold their respective entire interest in Fusion 462 Aus and Red Hill Aus to Velocity Property Group Limited ("Velocity"), a boutique property developer that develops multi-unit apartment and mixed commercial developments in Queensland, Australia, in exchange for 49.9% issued ordinary shares in Velocity. The acquisition of Fusion 462, Red Hill and Oxford Views gave rise to a goodwill of S$1,237,679 and the subsequent share swaps between Fusion 462 Aus, Red Hill Aus and Velocity gave rise to a gain on sale of subsidiaries' shares of S$1,674,214 in the Group prior year's financial statements. The accounting for this transaction require judgement as to whether both transactions are contemplated together or independent of each other. In the prior financial year, these transactions were treated as two separate transactions. As a result, a goodwill of S$1,237,679 and gain on sale of subsidiaries' S$1,674,214 were recognised in the Group's prior year's financial statements. Based on management's reassessment in the current financial year, these two transactions should be considered as one single merger and acquisition transaction, as they are negotiated and entered into in contemplation of each other. As a result, management has made a prior year adjustment to the financial statements as disclosed in Note 3.2 of the financial statements.	We found management's reassessment to be appropriate.

Other Information

Management is responsible for the other information. The other information comprises the ASX appendix 4E, Financial & Operation Review and Directors' Statements, which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED (continued)

Other Information (continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Other Matter

The financial statements of the Company and the Group for the year ended 31 March 2016, were audited by another auditor who expressed an unmodified opinion on those statements on 16 May 2016.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 8I HOLDINGS LIMITED (continued)

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

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 8I HOLDINGS LIMITED
(continued)

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 Rebekah Khan.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 31 May 2017

Consolidated Statement of Comprehensive Income

For the financial year ended 31 March 2017

	Note	2017 S$	2016 S$ (Restated)
Revenue and investment income	4	**28,906,069**	20,551,882
Other gains	5	**1,255,447**	9,641,557
Other income	5	**553,162**	1,401,952
Expenses			
Administrative expenses	6	**(8,350,056)**	(5,397,503)
Other operating expenses	6	**(11,175,073)**	(6,541,498)
Finance costs		**(41,710)**	(154,590)
Share of profit/(loss) of associated companies		**566,675**	(476,246)
Profit before income tax		**11,714,514**	19,025,554
Income tax expense	8	**(221,157)**	(1,456,030)
Profit for the year		**11,493,357**	17,569,524
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
Fair value (losses)/gains		**(2,719,704)**	3,746,182
Currency translation differences arising from consolidation			
Gains/(losses)		**143,859**	(9,094)
Other comprehensive (expense)/income, net of tax		**(2,575,845)**	3,737,088
Total comprehensive income		**8,917,512**	21,306,612
Profit attributable to:			
Equity holders of the Company		**11,245,023**	17,344,752
Non-controlling interests		**248,334**	224,772
		11,493,357	17,569,524
Total comprehensive income attributable to:			
Equity holders of the Company		**8,648,328**	21,081,840
Non-controlling interests		**269,184**	224,772
		8,917,512	21,306,612
Earnings per share attributable to equity holders of the Company (S$ per share)			
Basic earnings per share	9	**3.14**	4.86
Diluted earnings per share	9	**3.14**	4.86

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

Consolidated Statement of Financial Position

For the financial year ended 31 March 2017

	Note	31 March 2017 S$	2016 S$ (Restated)
ASSETS			
Current assets			
Cash and cash equivalents	10	**12,562,376**	18,737,470
Trade and other receivables	11	**10,681,560**	3,309,208
Investment securities	12	**26,356,434**	19,555,765
		49,600,370	41,602,443
Non-current assets			
Plant and equipment	13	**910,601**	632,579
Intangible assets	14	**3,459,119**	1,901,072
Investments in associated companies	16	**1,425,911**	1,885,151
Available-for-sale financial assets	17	**13,025,188**	13,713,260
Other receivables	11	**148,667**	148,667
		18,969,486	18,280,729
Total assets		**68,569,856**	59,883,172
LIABILITIES			
Current liabilities			
Trade and other payables	18	**2,782,540**	1,820,858
Finance lease liabilities	19	**50,180**	59,840
Current income tax liabilities	8	**248,980**	1,457,699
Unearned revenue	20	**3,157,151**	3,156,559
		6,238,851	6,494,956
Non-current liabilities			
Finance lease liabilities	19	**92,040**	73,248
Deferred income tax liabilities	21	**5,344**	11,344
Unearned revenue	20	**538,295**	880,791
		635,679	965,383
Total liabilities		**6,874,530**	7,460,339
NET ASSETS		**61,695,326**	52,422,833
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	**34,422,910**	30,736,966
Other reserves	23	**(720,786)**	3,793,071
Retained profits		**26,227,725**	16,779,280
		59,929,849	51,309,317
Non-controlling interests		**1,765,477**	1,113,516
Total equity		**61,695,326**	52,422,833

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

Statement of Financial Position - Company

For the financial year ended 31 March 2017

	Note	31 March 2017 S$	31 March 2016 S$
ASSETS			
Current assets			
Cash and cash equivalents	10	**2,809,430**	4,574,641
Trade and other receivables	11	**24,647,685**	23,608,531
Investment securities	12	**-**	1,349,171
Current income tax asset	8	**30,650**	-
		27,487,765	29,532,343
Non-current assets			
Investments in subsidiaries	15	**13,984,921**	3,424,521
Available-for-sale financial assets	17	**428,267**	-
		14,413,188	3,424,521
Total assets		**41,900,953**	32,956,864
LIABILITIES			
Current liabilities			
Trade and other payables	18	**934,200**	163,213
Current income tax liabilities		**-**	29,766
		934,200	192,979
Total liabilities		**934,200**	192,979
NET ASSETS		**40,966,753**	32,763,885
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**34,422,910**	30,736,966
Fair value reserve		**76,042**	-
Retained profits		**6,467,801**	2,026,919
Total equity		**40,966,753**	32,763,885

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 March 2017

		Attributable to equity holders of the Company							
	Note	Share capital	Fair value reserve	Currency translation reserve	Premium on acquisition of non-controlling interest	Retained profits	Total	Non-controlling interests	Total equity
		S$	S$	S$	S$	S$	S$	S$	S$
2017									
Beginning of financial year		30,736,966	3,802,165	(9,094)	-	16,779,280	51,309,317	1,113,516	52,422,833
Profit for the year		-	-	-	-	11,245,023	11,245,023	248,334	11,493,357
Other comprehensive (expense)/income for the year	23	-	(2,719,704)	123,009	-	-	(2,596,695)	20,850	(2,575,845)
Total comprehensive income for the year		-	(2,719,704)	123,009	-	11,245,023	8,648,328	269,184	8,917,512
Shares buy-back	22	(286,707)	-	-	-	-	(286,707)	-	(286,707)
Dividends on ordinary shares	24	-	-	-	-	(1,796,578)	(1,796,578)	(343,000)	(2,139,578)
Acquisition of a subsidiary	29 (ii)	-	-	-	-	-	-	138,124	138,124
Acquisition of a subsidiary by way of share swap	29 (i)	2,040,000	-	-	-	-	2,040,000	(13,972)	2,026,028
Acquisition of non-controlling interest without a change in control	23	1,932,651	-	-	(1,917,162)	-	15,489	(15,489)	-
Investment from non-controlling interest on subsidiary's issuance of participating shares	15	-	-	-	-	-	-	617,114	617,114
Total transactions with owners, recognised directly in equity		3,685,944	-	-	(1,917,162)	(1,796,578)	(27,796)	382,777	354,981
End of financial year		34,422,910	1,082,461	113,915	(1,917,162)	26,227,725	59,929,849	1,765,477	61,695,326

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 March 2017

	Note	Attributable to equity holders of the Company						
		Share capital	Fair value reserve	Currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
		S$	S$	S$	S$ (Restated)	S$ (Restated)	S$	S$ (Restated)
2016								
Beginning of financial year		30,983,691	55,983	-	4,791,691	35,831,365	678,744	36,510,109
Profit for the year		-	-	-	17,344,752	17,344,752	224,772	17,569,524
Other comprehensive income for the year	23	-	3,746,182	(9,094)	-	3,737,088	-	3,737,088
Total comprehensive income for the year		-	3,746,182	(9,094)	17,344,752	21,081,840	224,772	21,306,612
Share buy-back	22	(246,725)	-	-	-	(246,725)	-	(246,725)
Dividends on ordinary shares	24	-	-	-	(5,357,163)	(5,357,163)	-	(5,357,163)
Incorporation of subsidiary		-	-	-	-	-	210,000	210,000
Total transactions with owners, recognised directly in equity		(246,725)	-	-	(5,357,163)	(5,603,888)	210,000	(5,393,888)
End of financial year		30,736,966	3,802,165	(9,094)	16,779,280	51,309,317	1,113,516	52,422,833

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

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2017

	Note	2017 S$	2016 S$ (Restated)
Cash flows from operating activities			
Profit for the year		**11,493,357**	17,569,524
Adjustments for:			
- Income tax expense	8	**221,157**	1,456,030
- Gain on disposal of an associated company	4	**(1,199,836)**	(9,442,476)
- Gain on disposal of a subsidiary	4	**(10,370,350)**	-
- Gain on initial recognition at its fair value from former associated company to available-for-sale financial assets	5	**(1,160,825)**	(9,156,519)
- Net fair value (gain)/loss of investment securities held at fair value through profit or loss	4	**(1,609,600)**	543,512
- Net (gain)/loss on disposal of investment securities held at fair value through profit or loss	4	**(907,788)**	604,723
- Gain from bargain purchase	5	**-**	(485,038)
- Interest income	5	**(260,892)**	(1,186,054)
- Dividend income	4	**(481,121)**	(322,756)
- Depreciation of plant and equipment	6	**335,458**	219,748
- Loss on disposal of plant and equipment		**2,618**	-
- Plant and equipment written off		**6,910**	-
- Bad debts written off	6	**338,205**	-
- Finance costs		**41,710**	154,590
- Share of (profit)/loss of associated companies		**(566,675)**	476,246
- Exchange differences		**126,078**	1,879
		(3,991,594)	433,409
Change in working capital, net of effects from acquisition and disposal of subsidiaries:			
- Trade and other receivables		**214,607**	8,522,939
- Investment securities financial assets		**(3,666,169)**	(8,612,544)
- Trade and other payables		**921,694**	724,434
- Unearned revenue		**(798,354)**	2,116,549
Cash (used in)/generated from operations		**(7,319,816)**	3,184,787
Interest received		**33,309**	1,186,054
Dividend received		**481,121**	322,756
Finance costs paid		**(41,710)**	(154,590)
Income tax paid	8(b)	**(1,477,882)**	(826,171)
Net cash (used in)/provided by operating activities		**(8,324,978)**	3,712,836

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

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2017

	Note	2017 S$	2016 S$ (Restated)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	29 (i),(ii)	**369,554**	(1,970,416)
Acquisition of an associated company	16	**(1,287,440)**	-
Incorporation of an associated company		**-**	(18,000)
Additional investment in an associated company		**(42,000)**	-
Proceeds from disposal of plant and equipment		**3,227**	-
Proceeds from sale of subsidiary	10	**10,574,549**	-
Proceeds from sale of shares in an associated company	10	**3,085,028**	10,000,000
Loan to a non-related party		**(7,169,000)**	-
Additions to plant and equipment	13	**(545,038)**	(510,430)
Additions to available-for-sale financial assets		**(353,370)**	(8,529,439)
Net cash provided by/(used in) investing activities		**4,635,510**	(1,028,285)
Cash flows from financing activities			
Dividend paid to equity holders of the Company	24	**(1,796,578)**	(5,357,163)
Dividend paid to non-controlling interest		**(343,000)**	-
Shares buy-back	22	**(286,707)**	(246,725)
Repayment of finance lease liabilities		**(59,341)**	-
Net cash used in financing activities		**(2,485,626)**	(5,603,888)
Net decrease in cash and cash equivalents		**(6,175,094)**	(2,919,337)
Cash and cash equivalents			
Beginning of financial year		**18,737,470**	21,656,807
End of financial year		**12,562,376**	18,737,470

Significant non-cash transactions:

a) Consideration paid on acquisition of subsidiary, Financial Joy Institute Pte. Ltd. on 29 June 2016 is by way of share swap for value of S$2,040,000, no actual cash paid for this transaction.

b) Consideration paid on acquisition of remaining non-controlling interest Financial Joy Institute Pte. Ltd. on 31 March 2017 is by way of share swap for value of S$4,632,651, no actual cash paid for this transaction.

Notes to the Financial Statements

For the financial year ended 31 March 2017

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

1. General information

8I HOLDINGS LIMITED (the "Company") is listed on the Australia Securities Exchange and incorporated and domiciled in Singapore. The address of its registered office is Goldbell Towers, 47 Scotts Road, #03-03/04, Singapore 228233.

The principal activities of the Company are investment holding and management consultancy services. The principal activities of its subsidiaries are the seminars and programs organiser as well as investment in public and private companies.

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2016

On 1 April 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 7 Statement of cash flows

The Group has early adopted the amendments to FRS 7 Statement of cash flows (Disclosure initiative) on 1 April 2016. The amendment is applicable for annual periods beginning on or after 1 January 2017. It sets out the required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of services

Income from rendering of services is recognised over the period the services are performed.

(b) Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

(c) Dividend income

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

(d) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Government grants

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

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

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

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(i) *Consolidation* (continued)

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

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

(ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals*

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

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

Please refer to the paragraph "Investments in subsidiaries, and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

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

(c) *Associated companies*

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

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

(i) *Acquisitions*

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) *Associated companies* (continued)

(ii) *Equity method of accounting*

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

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

(iii) *Disposals*

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

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

2.5 Plant and equipment

(a) *Measurement*

(i) *Plant and equipment*

All other items of plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.5 Plant and equipment (continued)

(a) Measurement (continued)

(ii) Components of costs

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs and any fair value gains or losses on qualifying cash flow hedges of plant and equipment that are transferred from the hedging reserve.

(b) Depreciation

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

	Useful lives
Office equipment	1 to 3 years
Furniture and fittings	3 years
Motor vehicles	5 years

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

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and (losses)". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.6 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.6 Intangible assets (continued)

(a) Goodwill on acquisitions (continued)

Goodwill on acquisitions of associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

2.7 Investments in subsidiaries and associated companies

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

2.8 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Plant and equipment
Investments in subsidiaries and associated companies

Plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

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

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 11) and "cash and cash equivalents" (Note 10) on the consolidated statement of financial position.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

2.10 Offsetting of financial instruments

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.11 Trade and other payables

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

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

2.12 Fair value estimation of financial assets and liabilities

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

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

2.13 Leases

(a) When the Group is the lessee

The Group leases motor vehicles under finance leases and office premises and event spaces under operating leases from non-related parties.

(i) Lessee - Finance leases

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

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

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

(ii) Lessee - Operating leases

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

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.13 Leases (continued)

(b) When the Group is the lessor:

The Group leases event rental space under operating leases to non-related parties.

(i) Lessor - Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.14 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.14 Income taxes (continued)

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

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

2.15 Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

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

2.16 Employee compensation

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

Defined contribution plans

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

2.17 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.17 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

(c) Translation of Group entities' financial statements

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

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

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

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

2.18 Segment reporting

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

2.19 Cash and cash equivalents

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.20 Share capital and treasury shares

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

2.21 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

Notes to the Financial Statements

For the financial year ended 31 March 2017

3. Critical accounting estimates, assumptions and judgements

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

3.1 Critical accounting estimates and assumptions

(a) Estimated impairment goodwill

In performing the impairment assessment of the carrying amount of goodwill, the recoverable amount of the CGU (Education CGU) in which goodwill has been attributable to, are determined in using value-in-use ("VIU") calculation. Significant judgements are used to estimate the discount rate, short term and long term growth rate in revenues and expenses. Detailed information about each of these estimates and judgements is included in Note 14.

(b) Decline in market value of available for sale financial assets ("AFS") as at 31 March 2017

The Group invests in equity securities which are classified as AFS. These investments are measured at fair value with the corresponding fair value changes recognised in other comprehensive income. Impairment charges are recognised in the profit or loss when there has been a significant or prolonged decline in the fair value below their cost.

At 31 March 2017, the fair value of an equity security classified as AFS amounting to S$8,493,113 declined below cost by S$1,204,046 (original cost: S$9,697,159).

The impairment assessment of AFS requires significant judgement to conclude whether the decline in value is significant or prolonged. Management has made a judgement that this decline is not significant or prolonged. In making this judgement, management considered, among other factors, the short-term duration of the decline, the small magnitude by which the fair value of the investment is below cost ; and the positive financial health and short-term business outlook of the investee.

(c) Acquisition of Financial Joy Institute Pte. Ltd. ("FJI") (acquisition of 51% equity interest on 29 June 2016 and acquisition of 49% non-controlling interest on 31 March 2017)

Key areas of judgements related to this transaction are as follow:

- Purchase price allocations
- Whether the transaction is entered as a multiple arrangements or a single arrangement
- Detailed information about each of these estimates and judgements is included in Note 29.

Notes to the Financial Statements

For the financial year ended 31 March 2017

3. Critical accounting estimates, assumptions and judgements (continued)

3.2 Correction of prior period adjustments in accounting for acquisition of investment in an associated company

On 30 June 2015, the Company's subsidiary, 8 Investment Pte. Ltd., acquired 100% of the issued share capital of Fusion 462 Pte. Ltd. ("Fusion 462"), Vue at Red Hill Pte. Ltd. ("Red Hill") and Oxford Views Pte. Ltd. ("Oxford Views"), together with their respective wholly-owned subsidiaries, Fusion 462 Pty Ltd ("Fusion 462 Aus"), Vue at Red Hill Pty Ltd ("Red Hill Aus") and Oxford Views Pty Ltd ("Oxford Views Aus") at an aggregate consideration of A$2,329,207. Fusion 462, Fusion 462 Aus, Red Hill, Red Hill Aus, Oxford Views and Oxford Views Aus became wholly-owned subsidiaries of the Company immediately thereafter.

On 2 July 2015, Fusion 462 and Red Hill sold their respective entire interest in Fusion 462 Aus and Red Hill Aus to Velocity Property Group Limited ("Velocity"), a boutique property developer that develops multi-unit apartment and mixed commercial developments in Queensland, Australia, in exchange for 49.9% issued ordinary shares in Velocity. The acquisition of Fusion 462, Red Hill and Oxford Views gave rise to a goodwill of S$1,237,679 and the subsequent share swaps between Fusion 462 Aus, Red Hill Aus and Velocity gave rise to a gain on sale of subsidiaries' shares of S$1,674,214 in the Group prior year's financial statements.

The management of the Company, while preparing the half-yearly financial statements of the Group for the period ended 30 September 2016, re-evaluated the transactions above that were accounted for as two separate transactions in the prior period. In consultation with the present auditors, management concluded that these two transactions should be considered as one single merger and acquisition transaction, as they are negotiated and entered into in contemplation of each other.

As a result, the goodwill arising from the transaction should be a gain on bargain purchase of S$436,535 instead of a positive goodwill of S$1,237,679 as reflected in the prior year's financial statements.

Consolidated statement of comprehensive income (extract)	**2016** **S$**	**(Decrease)/ Increase** **S$**	**2016 (restated)** **S$**
Gain from sale of subsidiaries' shares	1,674,214	(1,674,214)	-
Gain from bargain purchase	48,503	436,535	485,038

Consolidated statement of financial position (extract)	**31 Mar 2016 comparatives** **S$**	**Decrease** **S$**	**31 Mar 2016 (restated comparatives)** **S$**
Intangible assets (goodwill)	3,138,751	(1,237,679)	1,901,072

Notes to the Financial Statements

For the financial year ended 31 March 2017

4. Revenue and investment income

	Group 2017 S$	Group 2016 S$ (Restated)
Fair value gain/(loss) on investment securities	**1,609,600**	(543,512)
Gain/(Loss) on sale of investment securities	**907,788**	(604,723)
Dividend income	**481,121**	322,756
Gain on disposal of a subsidiary's shares (Note 10(a))	**10,370,350**	-
Gain on disposal of an associated company's shares (Note 10(b))	**1,199,836**	9,442,476
Event site rental income	**2,238,937**	4,014,724
Program sales	**10,802,296**	7,033,556
Advertising income	**1,258,035**	-
Property rental	**38,106**	103,497
Property development income	**-**	783,108
	28,906,069	20,551,882

5. Other gains and other income

	Group 2017 S$	Group 2016 S$ (Restated)
Other gains		
Gain on initial recognition at its fair value from former associated company to available-for-sale financial assets (Note 17)	**1,160,825**	9,156,519
Gain from bargain purchase	**-**	485,038
Gain on foreign exchange - net	**94,622**	-
	1,255,447	9,641,557
Other income		
Interest income	**260,892**	1,186,054
Others	**292,270**	215,898
	553,162	1,401,952

Notes to the Financial Statements

For the financial year ended 31 March 2017

6. Expenses by nature

	Group	
	2017	2016
	S$	S$
Audit fees paid to:		
- Auditors of the Company	**219,858**	65,879
- Other auditors	**18,101**	30,277
Non-audit fees paid to:		
- Auditors of the Company	**627,564**	-
Depreciation of plant and equipment (Note 13)	**335,458**	219,748
Employee compensation (Note 7)	**5,652,869**	3,603,480
Rental expense on operating leases	**2,071,296**	2,505,439
Travelling expense	**524,489**	212,752
Professional fees	**478,298**	248,227
Property profit sharing to co-investors	**-**	897,681
Commission	**180,914**	286,659
Net foreign exchange loss	**-**	207,962
Marketing expenses	**2,169,860**	490,731
Credit card charges	**404,575**	342,032
Trainer fees	**557,561**	309,480
Event expenses	**961,064**	1,034,610
Food catering expense	**247,178**	178,539
Book and printing expenses	**366,889**	185,366
Investment related expense	**297,585**	108,877
Corporate expenses	**2,025,415**	113,303
Training costs	**180,321**	151,593
AGM expenses	**150,774**	125,781
Office expenses	**264,941**	213,899
Advertising expenses	**768,342**	-
Bad debts written off	**338,205**	-
Other expenses	**683,572**	406,686
Total administrative expenses and other operating expenses	**19,525,129**	11,939,001

7. Employee compensation

	Group	
	2017	2016
	S$	S$
Wages and salaries	**4,871,021**	3,229,177
Employer's contribution to defined contribution plans	**561,888**	300,891
Other short-term benefits	**219,960**	73,412
	5,652,869	3,603,480

Notes to the Financial Statements

For the financial year ended 31 March 2017

8. Income taxes

(a) Income tax expense

	Group	
	2017	2016
	S$	S$
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax		
- Singapore	**95,276**	1,412,851
- Foreign	**344,797**	21,197
	440,073	1,434,048
Deferred income tax (Note 21)	**(6,000)**	(29,987)
	434,073	1,404,061
- (Over)/Under provision in prior financial years:		
Current income tax	**(212,916)**	51,969
	221,157	1,456,030

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

	Group	
	2017	2016
	S$	S$
Profit before income tax	**11,714,514**	19,025,554
Share of (profit)/loss of associated companies, net of tax	**(566,675)**	476,246
Profit before income tax and share of (profit)/loss of associated companies	**11,147,839**	19,501,800
Tax calculated at tax rate of 17% (2016: 17%)	**1,895,132**	3,315,306
Effects of:		
- different tax rates in other countries	**44,195**	-
- tax incentives	**(130,385)**	(186,107)
- expenses not deductible for tax purposes	**471,785**	145,543
- income not subject to tax	**(2,132,838)**	(1,840,694)
- deferred tax assets not recognised	**287,955**	-
- others	**4,229**	-
- (over)/under provision of tax in prior financial years	**(212,916)**	51,969
Tax charge	**227,157**	1,486,017

Notes to the Financial Statements

For the financial year ended 31 March 2017

8. Income taxes (continued)

(b) Movement in current income tax liabilities/(assets):

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Beginning of financial year	**1,457,699**	797,853	**29,766**	52,000
Currency translation differences	**435**	-	**-**	-
Acquisition of subsidiaries	**41,571**	-	**-**	-
Income tax paid	**(1,477,882)**	(826,171)	**(31,961)**	(10,234)
Tax expense	**440,073**	1,434,048	**-**	31,000
(Over)/under provision in prior financial years	**(212,916)**	51,969	**(28,455)**	(43,000)
End of financial year	**248,980**	1,457,699	**(30,650)**	29,766

(c) The tax charge relating to each component of other comprehensive (expense)/income is as follows:

Group	2017			2016		
	Before tax	**Tax charge**	**After tax**	Before tax	Tax charge	After tax
	S$	**S$**	**S$**	S$	S$	S$
Fair value (losses)/gains on available-for-sale financial assets	**(2,704,129)**	**(15,575)**	**(2,719,704)**	3,746,182	-	3,746,182
Currency translation differences arising from consolidation	**143,859**	**-**	**143,859**	(9,094)	-	(9,094)
Other comprehensive (expense)/income	**(2,560,270)**	**(15,575)**	**(2,575,845)**	3,737,088	-	3,737,088

9. Earnings per share

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

	2017	2016
Net profit attributable to equity holders of the Company (S$)	**11,245,023**	17,344,752
Weighted average number of ordinary shares outstanding for basic earnings per share	**357,720,786**	357,113,926
Basic earnings per share (S$ cents per share)	**3.14**	4.86

Notes to the Financial Statements

For the financial year ended 31 March 2017

10. Cash and cash equivalents

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Cash at bank and on hand	**11,246,576**	18,737,470	**2,809,430**	4,574,641
Short-term bank deposits	**1,315,800**	-	**-**	-
	12,562,376	18,737,470	**2,809,430**	4,574,641

<u>Acquisition of subsidiaries and other business</u>

Please refer to Note 29 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

<u>Disposal of subsidiaries and other business</u>

(a) Disposal of subsidiaries

On 19 August 2016, the Company disposed of its entire interest in Oxford Views Pty Ltd for a cash consideration of S$10,581,705. The effects of the disposal on the cash flows of the Group were:

	Group
	2017
	S$
<u>Carrying amounts of assets and liabilities disposed of</u>	
Cash and cash equivalents	7,156
Trade and other receivables	215,540
Total assets	222,696
Trade and other payables	(11,341)
Net assets disposed of	211,355

The aggregate cash inflows arising from the disposal of Oxford Views Pty Ltd were:

	Group
	2017
	S$
Net assets disposed of (as above)	211,355
Gain from sale of a subsidiary's shares (Note 4)	10,370,350
Cash proceeds from disposal	10,581,705
Less: Cash and cash equivalents in subsidiary disposed of	(7,156)
Net cash inflow on disposal	10,574,549

Notes to the Financial Statements

For the financial year ended 31 March 2017

10. Cash and cash equivalents (continued)

(b) Disposal of other business

On 28 September 2016, Fusion 462 Pte. Ltd. and Vue at Red Hill Pte. Ltd. partially disposed of its holding in Velocity Property Group Limited ("Velocity") for a consideration of S$3,085,028 (cash inflows arising from disposal). The Group recognised a gain on disposal of S$1,199,836 (Note 4) and the Group's shareholding in Velocity reduced to 10.7%. Accordingly, Velocity ceased to be an associated company of the Group.

	Group 2017 S$
Net assets disposed of (Note 16)	1,885,192
Gain on disposal of an associated company's shares (Note 4)	1,199,836
Cash proceeds from disposal	3,085,028

11. Trade and other receivables

	Group		Company	
	2017 S$	2016 S$	**2017 S$**	2016 S$
Current				
Trade receivables	**1,003,231**	840,076	**-**	-
Other receivables				
- Associated companies	**-**	215,540	**-**	-
- Non-related party (a)	**7,373,826**	819,600	**7,373,826**	-
- Subsidiaries	**-**	-	**16,969,948**	23,550,292
- Others	**692,171**	544,493	**261,641**	-
Deposits	**705,310**	714,522	**-**	2,759
Prepayments (b)	**907,022**	174,977	**42,270**	55,480
	10,681,560	3,309,208	**24,647,685**	23,608,531
Non-current				
Other receivables (c)	**148,667**	148,667	**-**	-

(a) S$7,373,826 advances granted to Velocity Property Group Limited ("Velocity") (previously an associated company) is secured by Velocity's assets, interest bearing at 5% per annum and is repayable 10 years from commencement date or by notice from lender within 6 months requiring payment in full.

(b) Prepayments include an amount of S$425,000, arises from the acquisition of Financial Joy Institute Pte. Ltd. ("FJI"), pertaining to deemed consideration paid to founders of FJI for their promised employment services till June 2021.

(c) Non-current other receivables fair value approximates carrying amount.

Notes to the Financial Statements

For the financial year ended 31 March 2017

12. Investment securities

	Group 2017 S$	Group 2016 S$	Company 2017 S$	Company 2016 S$
Held at fair value through profit or loss				
Listed securities:				
- Equity securities - Australia	**15,537,537**	9,722,436	**-**	-
- Equity securities - Japan	**9,645,155**	8,135,322	**-**	-
- Equity securities – India	**710,955**	-	**-**	-
- Equity securities – Taiwan	**219,233**	346,215	**-**	-
- Equity securities – New Zealand	**82,973**	-	**-**	-
- Equity securities – Malaysia	**160,581**	-	**-**	-
- Equity securities - Mauritius	**-**	1,351,792	**-**	1,349,171
	26,356,434	19,555,765	**-**	1,349,171

13. Plant and equipment

	Office equipment S$	Furniture and fittings S$	Motor vehicles S$	Total S$
Group				
2017				
Cost				
Beginning of financial year	**336,173**	**408,443**	**208,573**	**953,189**
Currency translation differences	**(31,502)**	**(11,876)**	**(16,658)**	**(60,036)**
Acquisition of subsidiary	**16,607**	**15,367**	**78,281**	**110,255**
Additions	**162,415**	**382,623**	**-**	**545,038**
Disposals	**(3,146)**	**-**	**(5,259)**	**(8,405)**
Written off	**-**	**(13,365)**	**-**	**(13,365)**
End of financial year	**480,547**	**781,192**	**264,937**	**1,526,676**
Accumulated depreciation and impairment losses				
Beginning of financial year	**207,670**	**73,402**	**39,538**	**320,610**
Currency translation differences	**(28,272)**	**4,929**	**(7,635)**	**(30,978)**
Depreciation charge (Note 6)	**129,620**	**152,380**	**53,458**	**335,458**
Disposals	**(2,560)**	**-**	**-**	**(2,560)**
Written off	**-**	**(6,455)**	**-**	**(6,455)**
End of financial year	**306,458**	**224,256**	**85,361**	**616,075**
Net book value				
End of financial year	**174,089**	**556,936**	**179,576**	**910,601**

Notes to the Financial Statements

For the financial year ended 31 March 2017

13. Plant and equipment (continued)

	Office equipment S$	Furniture and fittings S$	Motor vehicles S$	Total S$
Group				
2016				
Cost				
Beginning of financial year	76,577	143,012	95,800	315,389
Currency translation differences	(894)	(1,459)	-	(2,353)
Acquisition of subsidiary	12,983	30,615	-	43,598
Additions	247,507	236,275	112,773	596,555
End of financial year	336,173	408,443	208,573	953,189
Accumulated depreciation and impairment losses				
Beginning of financial year	55,670	40,877	4,790	101,337
Currency translation differences	(236)	(239)	-	(475)
Depreciation charge	152,236	32,764	34,748	219,748
End of financial year	207,670	73,402	39,538	320,610
Net book value				
End of financial year	**128,503**	**335,041**	**169,035**	**632,579**

Included within additions in the consolidated financial statements are motor vehicles acquired under finance leases amounting to S$nil (2016: S$86,125).

The carrying amounts of motor vehicles held under finance leases are S$179,576 (2016: S$169,035) at the balance sheet date.

14. Intangible assets

Goodwill arising on consolidation

	Group	
	2017 S$	2016 S$ (Restated)
Cost		
Beginning of financial year	**1,901,072**	1,901,072
Acquisition of subsidiaries	**1,558,047**	-
End of financial year	**3,459,119**	1,901,072
Net book value	**3,459,119**	1,901,072

Notes to the Financial Statements

For the financial year ended 31 March 2017

14. Intangible assets (continued)

Goodwill arising on consolidation (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segments as follows:

	2017 S$	2016 S$ (Restated)
Group		
Private markets	**1,904,577**	1,901,072
Education	**1,554,542**	-
	3,459,119	1,901,072

Goodwill relating to the Education Cash Generating Unit ("CGU") (S$1.5 million)

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the country (Singapore) in which the CGU operates.

Key assumptions used for value-in-use calculations:

	Education
2017	
Short term growth rate (for revenues and operating margin)	1-3%
Long term growth rate (for revenues and operating margin)[1]	0%
Discount rate[2]	22.81%

[1] *Long term growth rate used to extrapolate cash flows beyond the budget period*

[2] *Pre-tax discount rate applied to the pre-tax cash flow projections*

These assumptions were used for the analysis of education CGU. Management determined budgeted revenues and expenses based on past performance and its expectations of market developments. The short term average growth rates used were consistent with forecasts and long term growth rate does not exceed customer price index in Singapore. The discount rates used were pre-tax and reflected specific risks relating to the CGU.

The impairment test carried out as at 31 March 2017 for the education segment, which includes 43% of the goodwill recognised on the statement of the financial position, has revealed that the recoverable amount of the CGU is higher than its carrying amount. A further decrease in the growth rate by 2% and increase in discount rate by 4% would still result no impairment of the CGU's carrying value.

Goodwill relating to the Private Markets Cash Generating Unit ("CGU") ($1.9 million)

Management used the fair value less cost to sell method to determine the recoverable amount of the Private Markets CGU. The fair value less cost to sell was determined based on the sale of the Group's interest in the private market CGU which occurred after the end of the financial year.

As the fair value less cost to sell is higher compared with the CGU's carrying value, there was no impairment in value of goodwill.

Notes to the Financial Statements

For the financial year ended 31 March 2017

15. Investments in subsidiaries

	Company 2017 S$	Company 2016 S$
Equity investments at cost		
Beginning of financial year	**3,424,521**	4,779,957
Shares, at cost	**10,560,400**	100
Impairment losses	**-**	(1,355,536)
End of financial year	**13,984,921**	3,424,521

The Group had the following subsidiaries as at 31 March 2017 and 2016:

Group and Company

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent 2017 %	Proportion of ordinary shares directly held by parent 2016 %	Proportion of ordinary shares held by the Group 2017 %	Proportion of ordinary shares held by the Group 2016 %	Proportion of ordinary shares held by non-controlling interests 2017 %	Proportion of ordinary shares held by non-controlling interests 2016 %
8 Investment Pte. Ltd.	Business management consultancy	Singapore	**100**	100	**100**	100	**-**	-
8 Capital Pte. Ltd.	Registered fund management company	Singapore	**100**	100	**100**	100	**-**	-
8 Business Pte. Ltd.	Business management consultancy	Singapore	**100**	100	**100**	100	**-**	-
8IH Global Limited	Investment trading	Mauritius	**100**	100	**100**	100	**-**	-
8I Media Pte. Ltd.	Dormant	Singapore	**100**	-	**100**	100	**-**	-
8VIC Global Pte. Limited (formerly known as 8I Education (S) Pte. Ltd.)	Seminar and programs organiser	Singapore	**95**	100	**95**	100	**5**	-
Financial Joy Institute Pte. Ltd.	Seminar and programs organiser	Singapore	**-**	-	**100**	-	**-**	-
8VIC Malaysia Sdn. Bhd. (formerly known as 8I Education (M) Sdn. Bhd.)	Seminar and programs organiser	Malaysia	**-**	-	**100**	100	**-**	-
Oxford Views Pte. Ltd.	Dormant	Singapore	**-**	-	**100**	100	**-**	-
Fusion 462 Pte. Ltd.	Dormant	Singapore	**-**	-	**100**	100	**-**	-
Vue at Red Hill Pte. Ltd.	Business management consultancy	Singapore	**-**	-	**100**	100	**-**	-
Hidden Champions Fund	Investment trading	Mauritius	**-**	-	**97.7**	-	**2.3**	-
8IH China Pte. Ltd.	Business management consultancy	Singapore	**-**	-	**65**	65	**35**	35
8IH China (Shanghai) Co. Ltd 信益安（上海）实业有限公司	Business and management consultancy services	People's Republic of China	**-**	-	**65**	65	**35**	35

Notes to the Financial Statements

For the financial year ended 31 March 2017

15. Investments in subsidiaries (continued)

The Group had the following subsidiaries as at 31 March 2017 and 2016:

Group and Company

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2017	2016	**2017**	2016	**2017**	2016
			%	%	**%**	%	**%**	%
Hemus Pacific Private Limited	Events organiser	Singapore	**-**	-	**51**	51	**49**	49
8 MAD Group Sdn Bhd	Investment holdings	Malaysia	**-**	-	**51**	-	**49**	-
MAD Integrated Sdn Bhd	Advertising and event management	Malaysia	**-**	-	**51**	-	**49**	-
MAD Training Sdn Bhd	Advertising, public relations and publicity programmes	Malaysia	**-**	-	**51**	-	**49**	-
Oxford Views Pty Ltd	Property investment	Australia	-	-	-	100	-	-
8 Property Pte. Ltd.	Dormant	Singapore	-	100	-	100	-	-
8 Property PLS Pte. Ltd.	Dormant	Singapore	-	100	-	100	-	-

Significant restrictions

Cash and short-term deposits of S$380,101 are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

	2017	2016
	S$	S$
Carrying value of non-controlling interests		
8VIC Global Pte. Limited	110,027	-
8IH China Pte. Ltd. and its subsidiary	87,865	220,198
Hemus Pacific Private Limited	742,845	893,318
8 MAD Group Sdn Bhd and its subsidiaries	207,626	-
Hidden Champions Fund	617,114	-
Total	1,765,477	1,113,516

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

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For the financial year ended 31 March 2017

15. Investments in subsidiaries (continued)

Summarised statement of financial position

	Hemus Pacific Private Limited As at 31 March		Hidden Champions Fund As at 31 March	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Current				
Assets	**1,803,798**	2,304,172	**27,240,969**	-
Liabilities	**(409,496)**	(633,990)	**(76,852)**	-
Total current net assets	**1,394,302**	1,670,182	**27,164,117**	-
Non-current				
Assets	**123,052**	154,261	**-**	-
Liabilities	**(1,344)**	(1,344)	**-**	-
Total non-current net assets	**121,708**	152,917	**-**	-
Net assets	**1,516,010**	1,823,099	**27,164,117**	-

Summarised statement of comprehensive income

	Hemus Pacific Private Limited For period ended 31 March		Hidden Champions Fund For period ended 31 March	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Revenue	**2,238,937**	4,014,724	**541,439**	-
(Loss)/Profit before income tax	**(107,089)**	508,155	**312,190**	-
Income tax expense	**-**	(70,251)	**37,982**	-
(Loss)/Profit for the year and total comprehensive income	**(107,089)**	437,904	**350,172**	-
				-
Total comprehensive income allocated to non-controlling interests	**52,474**	214,573	**-**	-
Dividends paid to non-controlling interests	**98,000**	-	**-**	-

Notes to the Financial Statements

For the financial year ended 31 March 2017

15. Investments in subsidiaries (continued)

Summarised statement of cash flows

	Hemus Pacific Private Limited 31 March 2017 S$	Hidden Champions Fund 31 March 2017 S$
Cash flows from operating activities		
Cash generated from operations	**(108,775)**	**(12,949,761)**
Finance costs paid	**(1,596)**	**-**
Income tax paid	**(68,315)**	**(5,842)**
Net cash used in operating activities	**(178,686)**	**(12,955,603)**
Net cash used in investing activities	**(38,759)**	**-**
Net cash (used in)/generated from financing activities	**(226,133)**	**12,592,115**
Net decrease in cash and cash equivalents	**(443,578)**	**(363,488)**
Cash and cash equivalents at beginning of year/date of acquisition	**1,419,442**	**1,164,741**
Cash and cash equivalents at end of year	**975,864**	**801,253**

There were no transactions with non-controlling interests for the financial years ended 31 March 2017 and 2016, except as disclosed in Note 29 and as stated below.

In March 2016, the Company acquired participating shares of the Hidden Champions Fund ("HCF"). On 30 September 2016, following legal clearance obtained from relevant approval authority, the Company has through its subsidiary, 8IH Global Limited, acquired 100% of the management shares of HCF at par value of US$100 (equivalent with S$137) from Emerging India Fund Management Ltd. Immediately thereafter, HCF became a wholly-owned subsidiary of the Group. Subsequent to the acquisition, the Group transferred most of its investment securities to HCF. The Group held approximately 97.7% interest in HCF, whilst the remaining interests (2.3%) was held by the Group's employees.

Notes to the Financial Statements

For the financial year ended 31 March 2017

16. Investments in associated companies

	Group	
	2017	2016
	S$	S$
CT Hardware Sdn. Bhd.	**1,425,911**	-
Singapore Fuller International Holding Group Pte. Ltd.	**-**	521
Velocity Property Group Limited	**-**	1,884,630
	1,425,911	1,885,151

	2017	2016
	S$	S$
At beginning of financial year	**1,885,151**	959,696
Acquisition of associated companies	**1,287,440**	2,499,865
Share of profit/(loss) of associated companies	**566,675**	(476,246)
Disposal of interest in associated company (Note 10(b))	**(1,885,192)**	(557,524)
Translation difference	**89,274**	-
Reclassification of remaining interest to available-for-sale financial assets (Note 17)	**(517,437)**	(540,640)
At end of financial year	**1,425,911**	1,885,151

Set out below are the associated companies of the Group as at 31 March 2017, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	**Place of business/ country of incorporation**	**% of ownership interest**
CT Hardware Sdn. Bhd.	Malaysia	49.9%

CT Hardware Sdn. Bhd. ("CTH") is a wholesale and retail sale of power tools, equipment, and machinery. The acquisition of CTH is in line with the Group's value investing strategy of investing in undervalued private businesses with growth potential.

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

16. Investments in associated companies (continued)

Summarised financial information for associated companies

Set out below are the summarised financial information for CTH.

Summarised consolidated statement of financial position

	CTH	
	As at 31 March	
	2017	2016
	S$	S$
Current assets	**2,716,798**	-
Includes:		
- Cash and cash equivalents	**848,733**	-
Current liabilities	**(910,706)**	-
Includes:		
- Financial liabilities (excluding trade payables)	**(209,506)**	-
Non-current assets	**2,043,057**	-
Non-current liabilities	**(1,332,084)**	-
Includes:		
- Financial liabilities	**(1,332,084)**	-
Net assets	**2,517,065**	-

Summarised statement of comprehensive income

	CTH	
	For the year ended 31 March	
	2017	2016
	S$	S$
Revenue and other income	**6,071,299**	-
Expenses	**(5,876,287)**	-
Includes:		
- Depreciation and amortisation	**(109,637)**	-
- Interest expense	**(146,691)**	-
Profit before tax	**195,012**	-
Income tax expense	**(12,253)**	-
Profit after tax	**182,759**	-

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts).

Notes to the Financial Statements

For the financial year ended 31 March 2017

16. Investments in associated companies (continued)

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

	As at 31 March	
	2017	2016
	S$	S$
Profit/(Loss) and total comprehensive income for the year	**475,477**	(296,460)

Reconciliation of summarised financial information

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

	CTH	
	As at 31 March	
	2017	2016
	S$	S$
Net assets at date of acquisition	**2,527,355**	-
Profit for the year	**182,759**	-
Foreign exchange differences	**(193,049)**	-
At 31 March	**2,517,065**	-
Interest in associated companies (49.9%)	**1,256,016**	-
Goodwill	**45,666**	-
Foreign exchange differences	**124,229**	-
Carrying value	**1,425,911**	-

Notes to the Financial Statements

For the financial year ended 31 March 2017

17. Available-for-sale financial assets

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Beginning of financial year	**13,713,260**	814,201	**-**	-
Additions	**353,370**	-	**352,225**	-
Reclassification from associated company to available-for-sale financial assets (Note 16)	**517,437**	540,640	**-**	-
Fair value gains recognised in profit or loss from initial re-measurement (Note 5)	**1,160,825**	9,156,519	**-**	-
Fair value (losses)/gains recognised in other comprehensive income (Note 23)	**(2,719,704)**	3,746,182	**76,042**	-
Disposals	**-**	(544,282)	**-**	-
End of financial year	**13,025,188**	13,713,260	**428,267**	-

Available-for-sale financial assets are analysed as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Listed securities	**13,011,309**	13,699,381	**428,267**	-
Unlisted securities	**13,879**	13,879	**-**	-
	13,025,188	13,713,260	**428,267**	-

Refer Note 3.1 (b) on our critical accounting judgement in relation with impairment of available-for-sale financial assets.

18. Trade and other payables

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Current				
Trade payables	**415,894**	51,581	**177,511**	10,130
Accruals for operating expenses	**1,654,003**	848,297	**701,518**	128,155
Deposits received	**98,087**	154,106	**-**	-
GST payable	**238,970**	203,518	**-**	-
Amount due to non-related parties	**-**	463,636	**-**	-
Other payables	**375,586**	99,720	**55,171**	24,928
Total trade and other payables	**2,782,540**	1,820,858	**934,200**	163,213

Notes to the Financial Statements

For the financial year ended 31 March 2017

19. Finance lease liabilities

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

	Group	
	2017	2016
	S$	S$
Minimum lease payments due		
- Not later than one year	**56,471**	64,346
- Between one and five years	**100,282**	85,555
	156,753	149,901
Less: Future finance charges	**(14,533)**	(16,813)
Present value of finance lease liabilities	**142,220**	133,088

The present values of finance lease liabilities are analysed as follows:

	Group	
	2017	2016
	S$	S$
Not later than one year	**50,180**	59,840
Later than one year		
- Between one and five years	**92,040**	73,248
Total	**142,220**	133,088

20. Unearned revenue

	Group	
	2017	2016
	S$	S$
Current	**3,157,151**	3,156,559
Non-current	**538,295**	880,791
	3,695,446	4,037,350

This represents revenue received from customers but not yet recognised to the profit or loss due to service not yet rendered as at reporting date.

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21. Deferred income tax liabilities

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

	Group	
	2017	2016
	S$	S$
Deferred income tax liabilities		
- To be settled within one year	**5,344**	11,344

Movement in deferred income tax account is as follows:

	Group	
	2017	2016
	S$	S$
Beginning of financial year	**11,344**	41,331
Tax charge to		
- profit or loss (Note 8(a))	**(6,000)**	(29,987)
End of financial year	**5,344**	11,344

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of S$1,639,655 (2016: S$Nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation	Fair value gains-net	Total
	S$	S$	S$
2017			
Beginning of financial year	**11,344**	**-**	**11,344**
Charged to profit or loss	**(6,000)**	**-**	**(6,000)**
End of financial year	**5,344**	**-**	**5,344**
2016			
Beginning of financial year	2,831	38,500	41,331
Charged to profit or loss	8,513	(38,500)	(29,987)
End of financial year	11,344	-	11,344

Notes to the Financial Statements

For the financial year ended 31 March 2017

22. Share capital

	Number of shares	Amount
		S$
Group and Company		
2017		
Beginning of financial year	**356,894,200**	**30,736,966**
Share buy back	**(385,442)**	**(286,707)**
Additional share issuance:		
- Acquisition of 51% equity interest in FJI	**2,551,939**	**2,040,000**
- Acquisition of 49% non-controlling interest FJI through share swap of the Company's shares (Note 23)	**2,917,888**	**1,932,651**
End of financial year	**361,978,585**	**34,422,910**
2016		
Beginning of financial year	357,144,200	30,983,691
Share buy back	(250,000)	(246,725)
End of financial year	356,894,200	30,736,966

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

The Company acquired 385,442 (2016: 250,000) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was S$286,707 (2016: S$246,725) and this was presented as a component within shareholders' equity.

On 29 June 2016, the Group acquired 51% equity interest in Financial Joy Institute Pte. Ltd. ("FJI") by way of share swap for a purchase consideration of S$2.04 million (2,551,939 shares).

The Group acquired the 49% non-controlling interest of FJI on 31 March 2017 (9 months after the initial acquisition date) for a purchase consideration of S$4.6 million through shares issued to the founders of FJI as follows:

- Issuance of 2,917,888 Company's shares amounting to S$1,932,651, which is the market share price as at the completion date of the transaction;
- Issuance of 107,421 shares (equivalent of 5% interest) of the Company's subsidiary, 8VIC Global Pte. Limited ("8VIG") amounting to S$2,700,000.

The shares above were issued to a transferee and will be released to the founders of FJI provided they remain with FJI for a 5-years period. As long as the founders of FJI remain as directors or employees of FJI, they are entitled to receive dividends paid out by the Company and 8VIG attributable to their shares respectively.

Notes to the Financial Statements

For the financial year ended 31 March 2017

23. Other reserves

		Group 2017 S$	Group 2016 S$
(a)	Composition:		
	Fair value reserve	**1,082,461**	3,802,165
	Currency translation reserve	**113,915**	(9,094)
	Premium on acquisition of non-controlling interest	**(1,917,162)**	-
		(720,786)	3,793,071
(b)	Movements:		
	(i) Fair value reserve		
	Beginning of financial year	**3,802,165**	55,983
	Available-for-sale financial assets		
	- Fair value (losses)/gains (Note 17)	**(2,719,704)**	3,746,182
	End of financial year	**1,082,461**	3,802,165
	(ii) Currency translation reserve		
	Beginning of financial year	**(9,094)**	-
	Net currency translation differences of financial statements of foreign subsidiaries and associated companies	**123,009**	(9,094)
	End of financial year	**113,915**	(9,094)
	(iii) Premium on acquisition of non-controlling interest		
	Beginning of financial year	**-**	-
	Decrease in equity attributable to non-controlling interest	**(1,917,162)**	-
	End of financial year	**(1,917,162)**	-

Other reserves are non-distributable.

The calculation of premium on acquisition of non-controlling interest as of the date of acquisition 49% non-controlling interest in FJI is as follow:

		Share capital of the Company (Note 22) S$	Share capital of 8VIC Global Pte. Limited (subsidiary of the Company) S$	Non-controlling interest – FJI (49%) S$	Non-controlling interest – 8VIG (5%) S$	Premium on acquisition of non-controlling interest S$
	2017					
(a)	Acquisition of remaining 49% non-controlling interest in FJI	**1,932,651**	**2,700,000**	**(125,516)**	**110,027**	**(4,617,162)**
(b)	Elimination of share capital consideration in 8VIG to reserve	**-**	**(2,700,000)**	**-**	**-**	**2,700,000**
	Total	**1,932,651**	**-**	**(125,516)**	**110,027**	**(1,917,162)**

Notes to the Financial Statements

For the financial year ended 31 March 2017

24. Dividends

	Group	
	2017	2016
	S$	S$
Declared and paid during the financial year		
Ordinary dividends		
Final exempt (one-tier) dividend for 2016: 0.50 (SGD cents) (2015: 1.00 cents) per share	**1,796,578**	3,571,442
Interim exempt (one-tier) dividend for 2017: nil (SGD cents (2016: 0.50 cents) per share	**-**	1,785,721
	1,796,578	5,357,163

At the Annual General Meeting on 4 July 2017, a final dividend of 0.25 Singapore cents per share amounting to a total of S$904,946 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2018.

25. Commitments

(a) Operating lease commitments - where the Group is a lessee

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

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

	Group	
	2017	2016
	S$	S$
Not later than one year	**1,445,000**	1,717,000
Between one and five years	**1,305,000**	1,533,000
	2,750,000	3,250,000

(b) Operating lease commitments - where the Group is a lessor

The Group lease out event rental space to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2017	2016
	S$	S$
Not later than one year	**298,726**	349,247
Between one and five years	**209,594**	4,425
	508,320	353,672

Notes to the Financial Statements

For the financial year ended 31 March 2017

26. Financial risk management

Financial risk factors

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore, Malaysia and China. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), Malaysian Ringgit ("MYR"), Australian Dollar ("AUD"), United States Dollar ("USD"), Chinese Renminbi ("RMB") and Japanese Yen ("JPY").

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Malaysia and China are managed primarily through transactions denominated in the relevant foreign currencies.

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

	SGD S$	MYR S$	AUD S$	USD S$	RMB S$	JPY S$
At 31 March 2017						
Financial assets						
Cash and cash equivalents, investment securities and available-for-sale financial assets	10,192,655	959,822	29,146,278	1,057,427	141,192	9,457,488
Trade and other receivables	8,900,067	534,596	211,816	245,916	1,075	29,735
	19,092,722	1,494,418	29,358,094	1,303,343	142,267	9,487,223
Financial liabilities						
Trade and other payables	(2,283,086)	(394,042)	(18,518)	(75,043)	(11,851)	-
Financial lease liabilities	(17,485)	(124,735)	-	-	-	-
	(2,300,571)	(518,777)	(18,518)	(75,043)	(11,851)	-
Net financial assets	16,792,151	975,641	29,339,576	1,228,300	130,416	9,487,223
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	229,549	101,635	29,339,576	393,863	14,549	9,487,223

Notes to the Financial Statements

For the financial year ended 31 March 2017

26. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$	MYR S$	AUD S$	USD S$	RMB S$
At 31 March 2016					
Financial assets					
Cash and cash equivalents, investment securities and available-for-sale financial assets	15,596,160	726,453	24,467,906	532,233	839,156
Trade and other receivables	1,528,440	513,989	1,035,140	-	21,547
	17,124,600	1,240,442	25,503,046	532,233	860,703
Financial liabilities					
Trade and other payables	(1,703,601)	(94,796)	(14,731)	-	(7,732)
Financial lease liabilities	(43,618)	(89,470)	-	-	-
	(1,747,219)	(184,266)	(14,731)	-	(7,732)
Net financial assets	15,377,381	1,056,176	25,488,315	532,233	852,971
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	-	312,226	25,270,220	532,133	-

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

	2017		2016	
	SGD **S$**	**AUD** **S$**	SGD S$	AUD S$
Financial Assets				
Cash and cash equivalents, and available-for-sale financial assets	**2,404,801**	**815,871**	3,447,362	960,888
Trade and other receivables	**24,605,414**	**-**	23,553,051	-
	27,010,215	**815,871**	27,000,413	960,888
Financial Liabilities				
Trade and other payables	**(845,561)**	**(18,518)**	(24,928)	(10,130)
Net financial assets	**26,164,654**	**797,353**	26,975,485	950,758
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	**-**	**797,353**	-	950,758

Notes to the Financial Statements

For the financial year ended 31 March 2017

26. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the MYR, AUD, USD, RMB and JPY change against the SGD by 8% (2016: 5%), 3% (2016: 5%), 3% (2016: 5%), 3% (2016: 5%) and 4% (2016: nil) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset that are exposed to currency risk will be as follows:

	Increase/(Decrease)			
	2017		2016	
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
	S$	**S$**	S$	S$
Group				
MYR against SGD				
- Strengthened	**5,827**	**922**	12,957	-
- Weakened	**(5,827)**	**(922)**	(12,957)	-
AUD against SGD				
- Strengthened	**406,636**	**323,919**	480,190	568,524
- Weakened	**(406,636)**	**(323,919)**	(480,190)	(568,524)
USD against SGD				
- Strengthened	**9,807**	**-**	22,084	-
- Weakened	**(9,807)**	**-**	(22,084)	-
RMB against SGD				
- Strengthened	**362**	**-**	-	-
- Weakened	**(362)**	**-**	-	-
JPY against SGD				
- Strengthened	**314,976**	**-**	-	-
- Weakened	**(314,976)**	**-**	-	-
Company				
AUD against SGD				
- Strengthened	**9,190**	**10,664**	39,456	-
- Weakened	**(9,190)**	**(10,664)**	(39,456)	-

(ii) *Price risk*

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. These securities are listed in Australia, Japan, India, Taiwan, New Zealand and Mauritius. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Notes to the Financial Statements

For the financial year ended 31 March 2017

26. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

If prices for equity securities listed in Australia, Japan, India, Taiwan and New Zealand had changed by 17% (2016: 10%), 17% (2016: 10%), 17% (2016: 10%), 17% (2016: 10%) and 17% (2016: 10%) respectively with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

	Increase/(Decrease)			
	2017		2016	
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
	S$	**S$**	S$	S$
Group				
Listed in Australia				
- increased by	**2,192,346**	**1,835,542**	807,225	1,369,938
- decreased by	**(2,192,346)**	**(1,835,542)**	(807,225)	(1,369,938)
Listed in Japan				
- increased by	**1,360,931**	**-**	675,232	-
- decreased by	**(1,360,931)**	**-**	(675,232)	-
Listed in India				
- increased by	**100,316**	**-**	-	-
- decreased by	**(100,316)**	**-**	-	-
Listed in Taiwan				
- increased by	**30,934**	**-**	28,736	-
- decreased by	**(30,934)**	**-**	(28,736)	-
Listed in the New Zealand				
- increased by	**11,574**	**-**	-	-
- decreased by	**(11,574)**	**-**	-	-
Listed in the Malaysia				
- increased by	**22,792**	**-**	-	-
- decreased by	**(22,792)**	**-**	-	-
Listed in the Mauritius				
- increased by	**-**	**-**	134,917	-
- decreased by	**-**	**-**	(134,917)	-
Company				
Listed in Australia				
- increased by	**-**	**60,428**	-	-
- decreased by	**-**	**(60,428)**	-	-

Notes to the Financial Statements

For the financial year ended 31 March 2017

26. Financial risk management (continued)

(b) Credit risk

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

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the consolidated statement of financial position, except for an advance made to a non-related party (see Note 11(a)). The management mitigates the credit risk by securing the advance with borrower's assets.

The trade receivables of the Group and of the Company comprise 120 debtors (2016: 126 debtors) and nil debtors (2016: nil debtors) respectively that individually represented 0 - 25% of trade receivables.

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

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
By geographical areas				
Singapore	**644,977**	759,579	**-**	-
Malaysia	**358,254**	80,497	**-**	-
	1,003,231	840,076	**-**	-
By types of customers				
Non-related parties				
- Multi-national companies	**258,358**	268,460	**-**	-
- Other companies	**744,218**	567,387	**-**	-
- Individuals	**655**	4,229	**-**	-
	1,003,231	840,076	**-**	-

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and Company.

Notes to the Financial Statements

For the financial year ended 31 March 2017

26. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Past due < 3 months	**353,102**	222,375	**-**	-
Past due > 3 months	**153,987**	279,264	**-**	-
	507,089	501,639	**-**	-

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short term deposits as disclosed in Note 10.

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

	Less than 1 year	Between 1 and 5 years
	S$	S$
Group		
At 31 March 2017		
Trade and other payables	**2,782,540**	**-**
Finance lease liabilities	**56,471**	**100,282**
At 31 March 2016		
Trade and other payables	1,820,858	-
Finance lease liabilities	64,346	85,555
Company		
At 31 March 2017		
Trade and other payables	**934,200**	**-**
At 31 March 2016		
Trade and other payables	163,213	-

Notes to the Financial Statements

For the financial year ended 31 March 2017

26. Financial risk management (continued)

(d) Capital risk

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

(e) Fair value measurements

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

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

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

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

	Level 1 S$	Level 2 S$	Level 3 S$	Total S$
Group				
2017				
Assets				
Investment securities	26,356,434	-	-	26,356,434
Available-for-sale financial assets	13,011,309	-	-	13,011,309
Total assets	39,367,743	-	-	39,367,743
		-		
2016		-		
Assets		-		
Investment securities	19,555,765	-	-	19,555,765
Available-for-sale financial assets	13,699,381	-	-	13,699,381
Total assets	33,255,146	-	-	33,255,146

Notes to the Financial Statements

For the financial year ended 31 March 2017

26. Financial risk management (continued)

(e) Fair value measurements (continued)

	Level 1 S$	Level 2 S$	Level 3 S$	Total S$
Company				
2017				
Assets				
Available-for-sale financial assets	428,267	-	-	428,267
2016				
Assets				
Investment securities	1,349,171	-	-	1,349,171

There were no transfers between levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets (such as fair value through profit and loss and available-for-sale financial assets) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the consolidated statement of financial position and in Note 14, Note 15, Note 16 and Note 27 to the financial statements, except for the following:

	Group		Company	
	2017 S$	2016 S$	**2017 S$**	2016 S$
Investment securities	**26,356,434**	19,555,765	**-**	1,349,171
Available-for-sale financial assets	**13,025,188**	13,713,260	**428,267**	-
Loans and receivables	**22,485,581**	22,020,368	**27,414,845**	28,127,692
Financial liabilities at amortised cost	**(2,924,760)**	(1,953,946)	**(934,200)**	(163,213)

Notes to the Financial Statements

For the financial year ended 31 March 2017

27. Related party transactions

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

(a) *Sales and purchases of services*

	Group	
	2017	2016
	S$	S$
Professional fees paid to an affiliated company	**-**	61,147
Consultation (expense)/income with associated company	**(61,698)**	201,691
Interest income from associated company	**11,836**	1,139,651
Sale of course materials to an affiliated company	**-**	26,628

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

Outstanding balances at 31 March 2017, arising from sale/purchase of services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 11 and 18 respectively.

(b) *Directors and key management personnel compensation*

Directors and key management personnel compensation is as follows:

	Group	
	2017	2016
	S$	S$
Wages, salaries and fees	**1,552,270**	1,199,139
Employer's contribution to defined contribution plans, including Central Provident Fund	**100,342**	67,014
	1,652,612	1,266,153

Notes to the Financial Statements

For the financial year ended 31 March 2017

28. Segment information

The Group is organised into business units based on management reporting structure and organisational set-up, in line with the main business divisions driving the growth of the Group. Following management's review of the revised management reporting structure, the number of business segments has been reduced from four to three to better present the management reporting structure and organisation set-up, improve visibility of each segment's performance, and to enhance the business management more effectively.

The changes to the business units are summarised below:

- The Education and Event segment will now comprise only the education business, including the newly acquired Financial Joy Institute Pte. Ltd., and will be renamed to Education segment.

- The Investment segment involved in investment in listed securities will be renamed to Investment in Public Markets segment, which includes the Hidden Champions Fund.

- The private equity, event and property business will be reported under the new Investment in Private Markets segments.

The segments under the new reporting model are as follows:

- **Education**
  Involved in financial education and training providers in Asia, via its flagship courses "Millionaire Investor Program" and "Value Investing College", which focus on educating its students on the principles and techniques of value investing.

- **Investment in Public Markets**
  Involved in investment in listed equities in the Asia-Pacific through a focused strategy of investing in undervalued companies with unique, scalable and resilient business models run by aligned owner-operators to provide the foundation for sustainable long-term growth and to achieve long-term investment returns.

- **Investment in Private Markets**
  Involved in strategic investment in private businesses which have strong and sustainable business models, with long-term growth potential.

Management monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

Notes to the Financial Statements

For the financial year ended 31 March 2017

28. Segment information (continued)

Prior period comparative segment information has been restated.

The segment information provided to the key management for the reportable segments are as follows:

	Singapore			Malaysia		China	
	Education	Investment in Public Markets	Investment in Private Markets	Education	Investment in Private Markets	Investment in Private Markets	**TOTAL**
	S$	S$	S$	S$	S$	S$	S$
2017							
Revenue and investment income							
Total segment revenue and investment income	**10,077,997**	**2,998,092**	**37,251,303**	**1,601,687**	**1,258,035**	**120,768**	**53,307,882**
Inter-segment revenue and investment income	**(958,421)**	**-**	**(23,443,392)**	**-**	**-**	**-**	**(24,401,813)**
Revenue and investment income to external parties	**9,119,576**	**2,998,092**	**13,807,911**	**1,601,687**	**1,258,035**	**120,768**	**28,906,069**
Profit after tax	**3,298,339**	**1,872,511**	**6,210,791**	**293,709**	**155,122**	**(337,115)**	**11,493,357**
Depreciation	**(167,204)**	**-**	**(90,319)**	**(58,084)**	**(17,393)**	**(2,458)**	**(335,458)**
Share of profit of associated companies	**-**	**-**	**556,675**	**-**	**-**	**-**	**556,675**
Gain from sale of a subsidiary's shares	**-**	**-**	**10,370,350**	**-**	**-**	**-**	**10,370,350**
Gain from sale of an associated company's shares	**-**	**-**	**1,199,836**	**-**	**-**	**-**	**1,199,836**
Gain on initial recognition at its fair value from former associated company to available-for-sale financial assets	**-**	**-**	**1,160,825**	**-**	**-**	**-**	**1,160,825**
Segment assets	**6,761,818**	**28,729,267**	**30,625,066**	**1,181,276**	**736,229**	**536,200**	**68,569,856**
Segment assets includes:							
Investment in associated companies	**-**	**-**	**1,425,911**	**-**	**-**	**-**	**1,425,911**
Additions to:							
- plant and equipment	**401,643**	**-**	**64,584**	**30,853**	**36,499**	**11,459**	**545,038**
- intangible assets	**1,554,542**	**-**	**-**	**-**	**3,505**	**-**	**1,558,047**
Segment liabilities	**(3,284,617)**	**(178,415)**	**(2,104,459)**	**(827,043)**	**(312,501)**	**(167,495)**	**(6,874,530)**

Notes to the Financial Statements

For the financial year ended 31 March 2017

28. Segment information (continued)

	Singapore			Malaysia	China	
	Education S$ (Restated)	Investment in Public Markets S$ (Restated)	Investment in Private Markets S$ (Restated)	Education S$ (Restated)	Investment in Private Markets S$ (Restated)	**TOTAL** S$ (Restated)
2016						
Revenue and investment income						
Total segment revenue and investment income	6,324,398	76,008	21,079,867	945,940	301,119	28,727,332
Inter-segment revenue and investment income	(519,750)	(903,400)	(6,752,300)	-	-	(8,175,450)
Revenue and investment income to external parties	5,804,648	(827,392)	14,327,567	945,940	301,119	20,551,882
Profit after tax	2,202,532	(2,041,600)	17,219,119	160,337	29,136	17,569,524
Depreciation	(41,493)	(23,301)	(123,911)	(31,043)	-	(219,748)
Share of loss of associated companies	(17,479)	-	(458,767)	-	-	(476,246)
Gain from sale of an associated company's shares	-	-	9,442,476	-	-	9,442,476
Gain on initial recognition at its fair value from former associated company to available-for-sale financial assets	-	-	9,156,519	-	-	91,56,519
Segment assets	5,998,407	21,705,251	29,967,833	1,297,945	913,736	59,883,172
Segment assets includes:						
Investment in associated companies	521	-	1,884,630	-	-	1,885,151
Additions to:						
- plant and equipment	68,979	25,046	180,639	321,118	773	596,555
Segment liabilities	(3,608,336)	(299,615)	(2,365,592)	(979,287)	(207,509)	(7,460,339)

The management assesses the performance of the operating segments based on profit after tax.

(a) Revenue from major products and services

Revenues from external customers are derived mainly from financial education and training providers, investment income from public and private markets. Breakdown of the revenue and investment income is as follows:

	2017 **S$**	2016 S$ (Restated)
Revenue and investment income		
Education	**10,721,263**	6,750,588
Investment in Public Markets	**2,998,092**	(827,392)
Investment in Private Markets	**15,186,714**	14,628,686
	28,906,069	20,551,882

Notes to the Financial Statements

For the financial year ended 31 March 2017

28. Segment information (continued)

(b) Geographical information

The Group's three business segments operate in three main geographical areas:

- Singapore - the Company is headquartered and has operations in Singapore. The operations in this area are principally the financial education and training providers, and investment in public and private markets;
- Malaysia - the operations in this area are principally the financial education and training providers, and private markets investee;
- People's Republic of China - the operations in this area are principally the financial education and training providers. This region has been included in the Investment in Private Markets Segment according to its management reporting structure.

	2017 **S$**	2016 S$ (Restated)
Revenue and investment income		
Singapore	**25,925,579**	19,304,823
Malaysia	**2,859,722**	945,940
People's Republic of China	**120,768**	301,119
	28,906,069	20,551,882
Non-current assets		
Singapore	**18,577,616**	17,948,161
Malaysia	**382,262**	331,795
People's Republic of China	**9,608**	773
	18,969,486	18,280,729

Notes to the Financial Statements

For the financial year ended 31 March 2017

29. Business combinations

(i) Acquisition of Financial Joy Institute Pte. Ltd.

On 29 June 2016, the Group acquired 51% equity interest in Financial Joy Institute Pte. Ltd. ("FJI") by way of share swap for a purchase consideration of S$2.04 million and FJI became a subsidiary of the Group.

The management engaged an external valuation specialist to perform the purchase price allocation for this acquisition including the identification of intangible assets in line with FRS 103 Business combinations. Based on the purchase price allocation exercise, only goodwill has been identified as an intangible asset being the difference between the purchase consideration and the fair value of the identifiable assets acquired and liabilities assumed.

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

		S$
(a)	Share swap, representing the total consideration transferred	**2,040,000**
	Less: remuneration element	**(500,000)**
	Total consideration through equity swap	**1,540,000**
(b)	Effect on cash flows of the Group	
	Cash paid (as above)	-
	Less: cash and cash equivalents in subsidiary acquired	**414,733**
	Net cash inflow on acquisition	**414,733**

Notes to the Financial Statements

For the financial year ended 31 March 2017

29. Business combinations (continued)

(i) Acquisition of Financial Joy Institute Pte. Ltd. (continued)

(c) Fair value of identifiable assets acquired and liabilities assumed:

	S$
Cash and cash equivalents	**414,733**
Plant and equipment	**19,434**
Trade and other receivables	**6,399**
Total assets	**440,566**
Trade and other payables	**(11,840)**
Current tax liabilities	**(790)**
Unearned revenue	**(456,450)**
Total liabilities	**(469,080)**
Total identifiable net liabilities	**(28,514)**
Less: Non-controlling interest at fair value	**13,972**
Add: Goodwill (Note (d)) (Note 14)	**1,554,542**
Consideration transferred for the business	**1,540,000**

(d) Goodwill

The goodwill of S$1,554,542 arising from the acquisition is attributable to potential growth to regional markets with additional trainers and course offerings as well as additional events and programs. It has been allocated to Education segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

(e) Revenue and profit contribution

The acquired business contributed revenue of S$3,331,010 and net profit of S$784,669 to the Group from the period from 29 June 2016 to 31 March 2017.

Had FJI been consolidated from 1 March 2016, consolidated revenue and consolidated profit for the year ended 31 March 2017 would have been S$4,052,951 and S$1,107,428 respectively.

(f) On 31 March 2017, the Group acquired the remaining 49% equity interest in FJI (9 months period since the first transaction) by way of share swap for a purchase consideration of approximately S$4.6 million.

The treatment of this transaction requires significant judgement to determine whether the transaction is entered as multiple arrangements or a single arrangement under FRS 110 Consolidated Financial Statements. Based on the assessment performed by management, they have concluded that these are two separate transactions as they are negotiated and entered into at two different point of time and the arrangement is not dependent on each other (different commercial objectives).

Notes to the Financial Statements

For the financial year ended 31 March 2017

29. Business combinations (continued)

(ii) Acquisition of 8 MAD Group Sdn. Bhd. and its subsidiaries

On 7 September 2016, the Company had acquired 51% equity interest in 8 MAD Group Sdn. Bhd. ("8MAD") via its subsidiary, 8IH Global Limited for S$147,266. 8MAD is an investment holding company based in Malaysia with two subsidiaries, MAD Integrated Sdn. Bhd. operates as an integrated branding and marketing communications consultancy specialising in the provision of strategic branding, public relations, digital and event marketing programs while MAD Training Sdn. Bhd. is an educational training and consulting company that provides customised training and performance coaching solutions to both learning institutions and corporations.

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

		S$
(a)	Purchase consideration	**147,266**
(b)	Effect on cash flows of the Group	
	Cash paid (as above)	**147,266**
	Less: cash and cash equivalents in subsidiary acquired	**(102,087)**
	Net cash outflow on acquisition	**45,179**
(c)	Fair value of identifiable assets acquired and liabilities assumed	
	Cash and cash equivalents	**102,087**
	Plant and equipment	**90,821**
	Trade and other receivables	**237,721**
	Current tax assets	**4,394**
	Total assets	**435,023**
	Trade and other payables	**(84,665)**
	Finance lease liabilities	**(68,473)**
	Total liabilities	**(153,138)**
	Total identifiable net assets	**281,885**
	Less: Non-controlling interest at fair value	**(138,124)**
	Add: Goodwill	**3,505**
	Consideration transferred for the business	**147,266**

Notes to the Financial Statements

For the financial year ended 31 March 2017

30. Events occurring after balance sheet date

On 25 April 2017, the Company's subsidiary, 8 Capital Pte. Ltd. ("8C") successfully registered with Monetary Authority Singapore as a Registered Fund Management Company ("RFMC"). The RFMC license allows 8C to commence its new asset management business which horizontally integrates and complements Group's value investing ecosystem. The Company's subsidiary, Hidden Champions Fund, will appoint 8C as the co-investment manager to manage its assets together with IIFL Asset Management (Mauritius) Ltd., the existing investment manager of the Fund.

On 19 May 2017, the Company and its wholly owned subsidiary, 8 Business Pte. Ltd. ("8 Business"), entered into a share swap and buy-back agreement ("Transaction") with a founder of Hemus Pacific Private Limited ("Hemus Pacific") and Clear A2Z Pte. Ltd. for sale of the Company's interest in 51% of Hemus Pacific held by 8 Business, inconsideration for 7,000,000 8IH shares in the form of Chess Depository Interests. The Transaction is subject to Company's shareholders' approval at the upcoming annual general meeting, and is targeted to be completed on or before 31 July 2017. The gain on disposal is subject to market price of the Company's share price on date of completion.

31. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the Group has not early adopted:

- FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

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

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

  (i) Rights of return – FRS 115 requires separate presentation on the consolidated statement of financial position of the right to recover the services from the customer and the refund obligation; and
  (ii) Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under FRS 115.

Notes to the Financial Statements

For the financial year ended 31 March 2017

31. New or revised accounting standards and interpretations (continued)

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessment of the impact over the next twelve months.

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through OCI and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include:

- equity instruments currently classified as AFS for which fair value through OCI election is available;
- equity investments currently measured at fair value through profit or loss which would likely to continue to be measured on the same basis under FRS 109; and
- debt instruments classified as held-to-maturity or loans and receivables and measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. While the Group is yet to undertake a detailed assessment, it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of FRS 109. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Notes to the Financial Statements

For the financial year ended 31 March 2017

31. New or revised accounting standards and interpretations (continued)

- FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of S$2,750,000. However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

32. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of 8I Holdings Limited on 31 May 2017.

Notes to the Financial Statements

For the financial year ended 31 March 2017

33. Listing of significant companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2017 %	Equity holding 2016 %
Significant subsidiaries				
8 Investment Pte. Ltd. [(a)]	Business management consultancy	Singapore	**100**	100
8 Capital Pte. Ltd. [(a)]	Registered fund management Company	Singapore	**100**	100
8 Business Pte. Ltd. [(a)]	Business management consultancy	Singapore	**100**	100
8IH Global Limited [(a)]	Investment trading	Mauritius	**100**	100
Vue at Red Hill Pte. Ltd. [(d)]	Business management consultancy	Singapore	**100**	100
Hidden Champions Fund [(b)]	Investment trading	Mauritius	**97.7**	-
8VIC Global Pte. Limited [(a)] (formerly known as 8I Education (S) Pte. Ltd.)	Seminar and programs organiser	Singapore	**95**	100
8VIC Malaysia Sdn. Bhd. [(c)] (formerly known as 8I Education (M) Sdn. Bhd.)	Seminar and programs organiser	Malaysia	**95**	100
Financial Joy Institute Pte. Ltd. [(a) (f)]	Seminar and programs organiser	Singapore	**95**	-
8IH China (Shanghai) Co. Ltd 信益安（上海）实业有限公司	Business and management consultancy services	People’s Republic of China	**65**	65
Hemus Pacific Private Limited [(a)]	Events organiser	Singapore	**51**	51
MAD Integrated Sdn Bhd [(f)]	Advertising and event management	Malaysia	**51**	-
Significant associated companies				
CT Hardware Sdn. Bhd. [(f)]	Wholesale and retail sale of power tools, equipment, and machinery	Malaysia	**49.9**	-

(a) Audited by PricewaterhouseCoopers LLP, Singapore
(b) Audited by KPMG Mauritius
(c) Audited by PricewaterhouseCoopers LLP, Malaysia
(d) Audited by Kong, Lim & Partners LLP, Singapore
(e) Not required to be audited under the laws of the country of incorporation
(f) Acquired during the financial year

Additional Information

Shareholders Information as at 31 May 2017

8I Holdings Limited – Ordinary Shares

The Company has ordinary shares on issue. These are listed on the Australian Securities Exchange under ASX code: 8IH. Details of trading activity are published daily by electronic information vendors. All ordinary shares carry one vote per share without restriction.

Analysis of Shareholders and CDI Holders*

Category (size of holding)	Number of holders	Number of shares	% of issued capital
1 – 1,000	17	11,942	0.00%
1,001 – 5,000	73	295,283	0.08%
5,001 – 10,000	60	582,309	0.16%
10,001 – 100,000	235	12,059,041	3.33%
100,001 – and over	249	349,030,010	96.42%
	634	**361,978,585**	**100.00%**

The number of investors holding less than a marketable parcel of 1,020 8IH shares (based on a share price of A$0.49) was 17. They hold 11,942 8IH shares in total.

Twenty Largest Shareholders and CDI Holders*

Registered Holder	Number of Shares	% of issued capital
1. Chee Kuan Tat, Ken	86,358,500	23.86%
2. Clive Tan Che Koon	65,091,500	17.98%
3. Citicorp Nominees Pty Limited	33,573,427	9.27%
4. Cheshire United Ltd	21,991,741	6.08%
5. HSBC Custody Nominees (Australia) Limited	19,122,725	5.28%
6. Clear A2Z Pte Ltd	11,000,000	3.04%
7. BNP Paribas Noms Pty Ltd	8,404,608	2.32%
8. Teo Puay Lin	7,855,000	2.17%
9. Philip John Raff	7,144,004	1.97%
10. Glorymont Ltd	2,917,888	0.81%
11. Clarence Wee Kim Leng	2,063,400	0.57%
12. Lim Wei Lin	2,000,000	0.55%
13. Hor Chook Lam	1,530,000	0.42%
14. Ho Tuck Chee	1,353,000	0.37%
15. Seah Weiming	1,275,969	0.35%
16. Lau Eng Seng	1,248,000	0.34%
17. Attlee Hue Kuan Yew	1,213,914	0.34%
18. Fance Chua Meon Keng	1,118,000	0.31%
19. Loo Tian Guan	1,107,203	0.31%
20. Vivek Verma	1,100,000	0.30%
ALL OTHER SHAREHOLDERS	84,509,706	23.35%
Total	**361,978,585**	**100.00%**

Notes

* *CDI Holders are holder of CHESS Depository Interests issued by CHESS Depository Nominees Pty Limited, where each CDI represents a beneficial interest in one ordinary share.*

Additional Information (continued)

Shareholders Information as at 31 May 2017 (continued)

Substantial Shareholders and CDI Holders**

Date Announced	Name	Direct Interest Shares	% of voting power	Deemed Interest Shares	% of voting power
2/2/2016	Chee Kuan Tat, Ken	86,358,500	23.86%	21,991,741	6.08%
2/2/2016	Clive Tan Che Koon	65,091,500	17.98%	21,991,741	6.08%

Notes

** *This table is compiled on the basis that each holding of CDIs is a separate holding and accordingly, the holding of shares by CHESS Depository Nominees Pty Limited is ignored.*

Current On-Market Buy-Back (ASX Listing Rule 4.10.18)

In accordance with the notice issued on 7 September 2016, the Company commenced an on-market buy-back during the current financial year. The Company has bought-back 385,442 shares as part of the on-market buy-back up to 31 March 2017.

Investment (ASX Listing Rule 4.10.20)

The Group had a total of 413 transactions in securities during the financial year ended 31 March 2017 and has paid or accrued brokerage and management fees totalling S$48,464 and S$208,493 respectively. As at 31 March 2017, the Group held investment in Bourbon Corporation, Chenbro Micom Co., Ltd., Cookpad Inc, Cub Elecparts, D. B. Corp Limited, Digimatic Group Limited, Emmbi Industries Limited, Giken Ltd, Handsman Co., Ltd., Hoshizaki Corporation, Morinaga & Co, Nitori Holdings Co.Ltd., Okamoto Industries, Inc., Papyless, Park24 Co. Ltd., Riskmonster.com, Scales Corporation Limited, SeaLink Travel Group Limited, Shinpo Co Ltd, Snow Peak, Inc., Taiwan Paiho Ltd, Time Technoplast, Vakrangee Limited, Velocity Property Group Limited, Workman Co. Ltd., Yonex Co. Ltd. and Zojirushi Corporation.

Corporate Governance Statement

The directors of 8I Holdings Limited support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement and the appendix 4G released to ASX and posted on the Company website at www.8iholdings.com.

The directors are focused on fulfilling their responsibilities individually, and as a Board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Recommendations – 3rd Edition" established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which enables it to meet the principles of good corporate governance.

The Company's practices are mainly consistent with those of guidelines and where do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it.

8I Holdings Limited

(Incorporated in the Republic of Singapore) Company Registration Number:
201414213R ARBN 601 582 129

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8I Holdings Limited
Business Segment Review

Investment in Public Markets

Hidden Champions

Extraordinary returns follow extraordinary discipline.

Kee Koon Boon
Chief Investment Officer

Investment in Public Markets

Just Monozukuri It Like the Hidden Champions: Finding Investment Resilience in a Wild World

"When you make something, when you improve something, when you deliver something, when you add some new thing or service to the lives of strangers, making them happier, or healthier, or safer, or better, and when you do it all crisply and efficiently, smartly, the way everything should be done but so seldom is—you're participating more fully in the whole grand human drama. More than simply alive, you're helping others to live more fully, and if that's business, all right, call me a businessman." – Nike's founder Phil Knight in his autobiography Shoe Dog: A Memoir by the Creator of Nike

Dear Valuable Partners,

Portfolio Performance

Your funds in listed Asian equities achieved a 12-month rolling return (in SGD terms) of 15.9% as at 31 March 2017 against an increase of 14.0% for the MSCI Asia Pacific index and 11.8% for Singapore's FTSE STI over the same period. The cost of the total invested active portfolio in listed Asian equities was S$22.89 million with a market value of S$26.36 million as at 31 March 2017 generating an overall net investment gain of S$3 million for the financial year. Adopting the focused investment strategy of investing in successful, yet relatively low-profile, underappreciated Hidden Champions, this has brought our cumulative consolidated absolute gains, since its inception in 31 September 2015, to S$4.30 million as at 31 March 2017, or a return of 21% against the MSCI Asia Pacific Index return of 18.7%.

Overall market performance in the second half of the financial year since September 2016 till March 2017 has been driven primarily by cyclicals, which we have consciously avoided; excluding cyclicals in commodities, property and financials, the FTSE STI rose by a more subdued 2.1% and 8.1% for the past 6 and 12 months respectively.

Returns in SGD	Hidden Champions	MSCI AP	STI
Mar'16–Mar'17	15.9%	14.0%	11.8% Ex-Cyclicals: 8.1%
Sept'15-Mar'17	21.0%	18.7%	13.8%
Dec'15-Dec'16	14.9%	2.3%	-0.1%
YTD 2017	3.3%	8.8%	10.2%

The investment objective is to invest at an earlier or tipping point staged innovative Hidden Champions in Asia, with a long-term growth trajectory path and a wide-moat that is usually overlooked and underappreciated. They are focused market leaders in sophisticated, hard-to-imitate niche products and valuable critical services that are largely invisible to the average consumer, yet are indispensable to our well-being in our daily lives. These Hidden Champions weather multiple crises and recessions to deliver outperformance often not linked to general economic conditions, thus offering de-correlated and resilient investment returns. Their simplicity and constant decentralisation enables them to focus on their core competencies, stay clear of potential pitfalls, and quickly respond to changes in customer needs, or new technological developments.

Hidden Champions are guided by the ancient philosophy of monozukuri, a Japanese word embodying the spirit and pursuit of excellence, of "craftsmanship", of "calling", and the values of responsibility and social conscience. Like Phil Knight, the Hidden Champions are "shoe dogs", whose entire lives and passions are consumed by shoes, or the products and services they obsessively tinker and innovate to add ever more value to others.

Our portfolio weighted winners-to-losers ratio in the 26 Hidden Champions companies remains healthy at around 91.1% to 8.9%; in other words, over 91% of our portfolio stocks have experienced positive absolute returns. We are among the Top 20 Shareholders for four of these Hidden Champions. Our aim is to be among the Top 20 Shareholders of the companies we invest in as a demonstration of our conviction and transparency in our investment process. We look to become a substantial shareholder with a 5% stake as they continue to deliver in their business fundamentals. We were among the Top 20 Shareholders in some of these Hidden Champions as: (1) they are under-researched despite their quality and growth; (2) we were one of the earlier foreign institutional investors; (3) founding owner-operator and promoter group have a substantial equity stake to provide stability in the shareholder base, and we have a rigorous systematic investment process to seek out companies aligned with our values.

More importantly, our portfolio stock characteristics displayed excellent and improving fundamentals with many of our portfolio companies delivering record profits, backed by innovative products and services, including Sealink Travel Group (ASX: SLK), Japan's Okamoto Industries (TSE: 5122), "Japan's IKEA" Nitori Holdings (TSE: 9843), India's woven sack and technical textile specialist Emmbi Industries (NSE: EMMBI), and Taiwan's innovative fabless IC designer Nyquest Technology 九齊科技, with their corporate developments and business prospects elaborated in the ensuing section on Portfolio Activity.

Our portfolio's weighted market capitalisation is US$639 million and weighted revenue grew by 18.3% over the past three years, generating increasing returns to scale with a 50.9% growth in operating profit with weighted return on equity ("ROE") of 26.1% (1H FY17: 23.7%). This is due to the scalability of the business model forged by an indestructible intangible knowhow, accumulated over the years, to create new categories of growth for their targeted customers and the ability to compound growth with resilience in a difficult business environment.

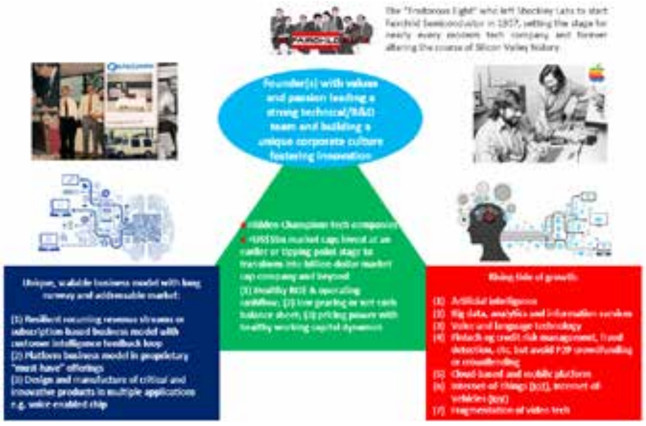
Business Development

We achieved an important business milestone in April 2017 as 8 Capital Pte Ltd, a wholly-owned subsidiary of 8IH, has obtained approval from the Singapore regulator Monetary Authority of Singapore ("MAS") to operate as a Registered Fund Management Company ("RFMC"). Since our inception in September 2015, from the permanent capital provided by 8IH to an asset under management ("AUM") size of over S$26 million, we have delivered a credible absolute gain of 21%. Hence, we are looking forward to open the Hidden Champions Fund to qualifying external investors to participate in the journey of the outstanding and hardworking founders and owner-operators invested by our Fund - including Jeff Ellison of Australia's Sealink Travel, Yoshiyuki Okamoto of Japan's Okamoto Industries, Akio Nitori of Nitori Holdings, the husband-wife

Investment in Public Markets

team Makrand and Rinku Appalwar of Emmbi Industries, the trio Guo Qiuli 郭秋麗, Chen Jianlong 陳建隆 and Lin Mengyi 林孟逸 of Nyquest Technology 九齊科技 and so on - who have and are likely to continue to outperform and deliver compounding returns over the long-term.

Our Fund had also generated strong returns in its investments in publicly-listed Asian small- to mid-cap tech companies. The portfolio stocks have a focus on subscription-based business models, which provide a strong foundation of recurring cashflow to reinvest into creating new categories of growth in innovative products and services, and the potential to further expand globally. They include: e-Guardian Inc (TSE: 6050) +116% from our average investment cost, Vector Inc (TSE: 6058) +38.8%, Rozetta Corp (TSE: 6182) +74.3%.

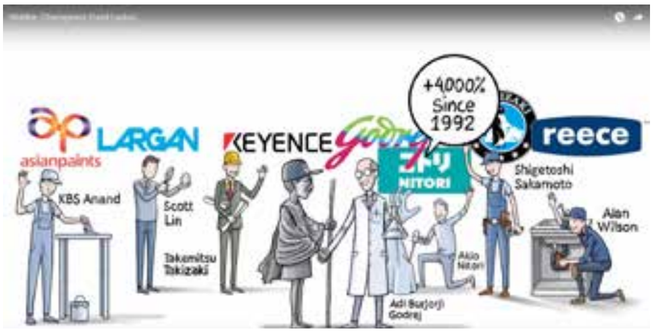


We identified the attractive investment opportunity of overlooked listed small- to mid-cap Hidden Tech Champions with (1) healthy ROE and operating cashflow; (2) low gearing or net-cash balance sheet; and (3) pricing power with healthy working capital dynamics. A number of small- to mid-cap Hidden Tech Champions are also trading at private equity-level valuations. There is potential for the targeted listed tech companies to be acquired by giant tech companies, limiting downside risks for investors and offering takeover premium in valuation re-rating. The mispricing opportunity comes about from the crowding of money in (1) popular “Stage 4” mega-cap companies, including Apple, Facebook, Amazon, Google, Microsoft, Netflix, Tencent, Alibaba; (2) popular privately-held tech darling companies and unicorns such as Uber. There is an unsettling bursting of bubble with an increasingly number of them trading at significant haircut discount of 20-50% to their previous valuation rounds, including Cloudera, Dropbox, and Square. Private equity funds in tech are also facing immense pressure to deliver despite many private tech entrepreneurs with me-too, cash-burning business models that demand unrealistic sky-high valuations.

As a result, we may work towards potentially launching a newly focused Hidden Champions Tech Fund, which reinforces our long-term goal to expand our unique investment solution in identifying more Hidden Champions for investors. We will update more in due time.

Video Illustrating Our Investment Strategy

We would like to share our video which illustrates our investment philosophy and strategy in Asian Hidden Champions. It features role models such as Adi Godrej of Godrej Consumer, KBS Anand of Asian Paints, Alan Wilson of Australis’s Reece, Scott Lin of Taiwan’s Largan Precision, Akio Nitori of Nitori Holdings, Takemitsu Takizaki of Keyence Corporation and Shigetoshi Sakamoto of Hoshizaki Corp: https://www.youtube.com/watch?v=VeTAiH_2gP0



Mentioned in our video, Taiwan’s Largan Precision, a little-known company making camera lenses for Apple’s iPhone and others, compounded 4,000% since 2002 to a market value of US$21.7 billion. When compared to Germany’s Carl Zeiss which has a 171-year history, this relatively young company established in 1987 by Scott Lin and Tony Chen, can out-compete the German and Japanese lens makers due to its relentless pursuit of perfection and monozukuri in lens-making techniques.

Source: Financial Times (https://www.ft.com)

For many years, the company was a small niche manufacturer, one of dozens in the optics industry clustered around the central Taiwan city of Taichung. Largan’s focus has always been on producing high-quality lenses from plastic rather than glass. Plastic lenses were deemed more as a novelty and considered too low in quality to ever seriously compete with the fine glass lenses made in Japan for the country’s major camera brands. Largan’s plastic lenses were originally used mainly for desktop scanners and projectors. Then, the smartphone came along. A decade ago, only half of smartphones sold each year had built-in cameras. Now, nearly all do. Megapixel count has also risen from 2 to 16, and sometimes higher. A handset camera is now expected to take great pictures, without adding much weight, sucking too much battery power or hogging too much space. Glass simply cannot cut it. Amongst plastic lens manufacturers, none can match Largan’s know-how, speed, precision and manufacturing skill.

To meet its customers’ ever demanding specifications, Largan often resorts to making its own customised machinery for its production lines – an option that is possible only because of the speedy, robust, highly-skilled and flexible machinery industry cluster in Taichung. Japanese and German manufacturers could undoubtedly match Largan’s technical quality, but are unable to compete on price and/or speed. The result is a world-leading company capable of staying ahead of its competition, and supplying Apple and other smart-phone makers with higher resolution lenses at reasonable price.

Our Commitment to Clients

"Everyone else bullshits, you guys always shoot straight. So if you say this new shoe, this Nike, is worth a shot, we believe." – Phil Knight in Shoe Dog

One of my favourite investing lessons is from the business biography "It's Not All About Money: Memoirs of a Private Banker" by the late Hans Julius Baer, the indefatigable owner-operator of the Julius Baer Group who helped to develop it into one of the largest independent wealth managers in Switzerland during his near sixty-year career:

"My grandfather used to say occasionally, 'What would I do with all the money that I have already lost?' He always lost money in speculations. From childhood on, he was more interested in his father's credit business than in the animal skin trade; as I said before, he learned the systematic side of banking from August Gerstle. The Augsburg banker was heavily engaged in financing industrial enterprises; for example, he invested in Maschinenefabrik Augsburg Nurenberg (MAN), a truck manufacturer the size of Freightliner, and Rudolf Diesel, the inventor of the diesel engine."

Han's account illuminated that the foundation of long-term wealth creation is to think of investing as financing and owning a piece of resilient compounders, such as Man SE, which has grown from its small business roots to a global champion with a market value of US$15.7 billion, rather than to peddle or speculate in the next big get-rich-quick schemes, or investment products, deals, or trades.

It is not rare in the asset management industry to be sales-driven by launching funds when the market outlook is euphoric or speculative, or launching funds with hot and popular themes to attract fund inflow and gather assets. We believe "noise traders" who "invest" in hot and popular themes almost always find themselves taken advantage of by clever arbitrageurs. As the influential finance researchers Andrei Shleifer, Bradford De Long, Robert Waldman and Lawrence Summers noted in their classic 1990 paper "Noise Trader Risk in Financial Markets" published in the Journal of Political Economy: "When noise traders are optimistic about particular securities, it pays arbitrageurs to create more of them. These securities might be new share issues, penny oil stocks, or junk bonds: anything that is overpriced at the moment. Just as entrepreneurs spend resources to build casinos to take advantage of gamblers, arbitrageurs build investment banks and brokerage firms to predict and feed noise trader demand." Funds that raise capital based on concepts such as "Belt and Road", "Iskandar", "Myanmar", and "Mongolia", could potentially be seen as attracting "noise traders".

As CIO and CEO of 8 Capital, I would like to make the commitment that we will never raise capitals based on fads, and will serve our existing and prospective clients to make informed, intelligent decisions based on facts and knowledge. A general rule of thumb: clients should stick to plain funds with understandable, and not "black box", investing strategies and have a clear sense that the fund manager goes the distance to demonstrate dedication and craftmanship in articulating and implementing the uniqueness and scalability of the investment process to generate returns.

An important metric that we coined and employed in communicating with our clients on the health and intrinsic value of the fund portfolio, beyond the current NAV price, is the metric the "Value-to-Quality" ("VQ") ratio. It has guided our investment thinking to uncover underappreciated investment opportunities. While the principles of value investing – to buy undervalued assets at a margin of safety – appears simple, its complexity lurks beneath in the actual practice. This is because investors tend to commit the investment errors of:

(1) solely focusing on buying statistically cheap stocks while sacrificing or misevaluating "quality". For instance, screening for high net cash, or high net current asset, as a percentage of market value of the company might be the first step for many "Graham-style net-net value investors" to determine the discount in valuation of certain stocks. However, in Asia, their financial numbers often are revealed to be "propped up" artificially to lure in funds from investors, while the studiously-assessed asset value has already been "tunnelled out" or expropriated in money-go-round tunnelling opportunities via unusual related-party transactions. A plethora of examples of former stock darlings favoured by value investors include DBA Telecom (3335 HK), Dynasty Fine Wine (828 HK), China Animal Healthcare (940 HK), China Lumena (67 HK), Boshiwa (1698 HK), Z-Obee (948 HK), Flyke (1998 HK), Sihuan Pharmaceutical (460 HK), Mingyuan Medicare (233 HK), China Taifeng Bedding (873 HK), SCUD Group (1399 HK), Tianhe Chemical (1619 HK), Qunxing Paper (3868 HK), Zhongda International (909 HK), and Huishan Dairy (6863 HK). These seemingly cheaply valued stocks often turn out to be either value traps, or worse, unravel into fraudulent blackholes; and

(2) overpaying for popular "quality" stocks whose growth underwhelms expectations. As recounted by Peter Lynch in his book One Up on Wall Street: "You'll never lose your job losing your client's money on IBM. If IBM goes bad and you bought it, the clients and the bosses will ask: 'What's wrong with that damn IBM lately?' But if La Quinta Motor Inns goes bad, they'll ask: 'What's wrong with you?' That's why security-conscious portfolio managers don't buy Wal-Mart when the stock sells for $4, and it's a dinky little store in a dinky little town in Arkansas, but soon to expand. They buy Wal-Mart when there's an outlet in every large population center in America, fifty analysts following the company, and the Chairman of Wal-Mart is featured in People magazine as the eccentric billionaire who drives a pickup truck to work. By then, the stock sells for $40."

	Company A	**Company B**
(A) "Value": EV/EBIT	5x	15x
(B) "Quality": ROE (= EBIT/Equity)	2%	30%
(C) Value-to-Quality (VQ) ratio (A/B)	2.5x	0.5x

A seemingly valued stock trading at an enterprise value-to-operating earnings (EV/EBIT) ratio of 5x (Company A) is not informative on a stand-alone basis of its cheapness in value if the company generates ROE of 2%; similarly, a stock trading at EV/EBIT of 15x (Company B) is not necessarily expensive if the company generates ROE of 30% and is growing healthily. However, growth can be destructive, as growth can outstrip the capabilities and competencies of a company and its management team, and can stress quality and financial controls, eventually destroying or diluting one's culture. This is especially so for companies generating low ROEs, who want to grow at a rate faster than their ROE by pursuing supposed new value-creating projects, as they need to tap the external capital markets using debt or equity. Is this good news or bad news for minority shareholders? Building upon Nobel Laureate George Akerlof's classic research in 1970 on The Market for Lemons, due to the presence of asymmetric information with entrepreneurs knowing more about the private value of their firm than investors, the adverse selection problem is created: if consumers cannot tell the quality of a product, and are willing to pay only an average price for it, then this price is more attractive for sellers who have bad products ("lemons") than to sellers who have good products. Thus, selling equity is more attractive to owners of bad firms (lemons). This implies that investors should be suspicious if they are offered equity.

Investment in Public Markets

The ills and lapses that come with growth is a key reason why many Asian businesses, or over 80% of the 24,000 listed firms in Asia, fail to scale up beyond the billion-dollar market capitalisation mark, and remain statistically cheap value traps whose share price and volume are also often manipulated by syndicates and insiders. Therefore, a VQ ratio matters in overcoming the two investment errors, and separating the winners from losers in the pari-mutuel race between Value and Quality. In the first example of Company A trading at EV/EBIT 5x with ROE of 2%, the VQ ratio is 2.5x while Company B trading at EV/EBIT 15x and ROE of 30% has a VQ ratio of 0.5x. A simplified description is that investors are paying a value of $0.50 per dollar worth of "quality" in Company B as compared to $2.50 for Company A. We usually do not invest in companies with VQ ratio above 1x.

To illustrate the application of the VQ ratio with a simple example, one of our portfolio stocks Sealink Travel Group generates an operating profit of S$43.8 million on ROE of 29.3% with a long runway for growth, due to the structural rise of Australia as the new Mecca for global tourism. It trades at EV/EBIT 11-12x and has a market value of around S$430-450 million. Despite being in a different industry, Jumbo Group, a Singapore-listed restaurant operator, generates an operating profit of S$15.9 million, nearly three times smaller on a weaker ROE of 23.5%, yet trades at EV/EBIT 23-24x with a similar market value to Sealink at S$440 million. Sealink's VQ ratio of 0.4x is 60% superior and cheaper than Jumbo's VQ of 1x. When compared with ASX-listed tourism-related company Skydive the Beach, which has a VQ ratio of 2x (a weaker ROE of 12.7% and more expensive EV/EBIT of 24-25x), Sealink's superior fundamental qualities and valuation attractiveness is further amplified. We believe Sealink Travel could rise to a market value of A$750-900 million in the next 12-18 months as it continues to deliver A$50-60 million in operating profit and trading at an EV/EBIT of 15x, indicating an upside of 70-100%.

	Sealink	Jumbo	Skydive
Market value (S$m)	410-450	420-450	190-220
EBIT (S$m)	43.8	15.9	8.1
(A) "Value": EV/EBIT	11-12x	23-24x	24-25x
(B) "Quality": ROE (= EBIT/Equity)	29.3%	23.5%	12.7%
(C) Value-to-Quality (VQ) ratio (A/B)	0.4x	1.0x	2.0x

As discussed in our previous Letters, in determining our "Quality", we incorporate our fact-based, forward-looking fraud detection system that combines accounting data, especially footnotes, with a wide array of contextual information – including unusual related-party transactions; money-go-round off balance-sheet activities; governance, group structure, consolidation accounting and ownership analysis; textual and linguistic analysis; analysis of event-based "catalysts" (information-based manipulation) and sensitive market announcements (action-based manipulation in prices and volume) – to provide fresh insights in equity valuation to support our decision-making process in investments.

To build our investment conviction to size our investments with prudence, we are vigilant to tipping points in business models that could result in a valuation re-rating. We are watchful for longer-term fundamental changes, as opposed to reacting to short-term news "catalysts," which could be manipulated to create buzz around a stock, monitoring the ratio of the sales contribution from new products/services and markets/customers; overall health of value chain and ecosystem; corporate culture, strategy, innovation, partnerships. We are fervent readers of interview transcripts and articles on the management to gain a better understanding of the management's (1) desire to cultivate a culture of decentralisation, trust and cooperation to foster innovative experimentations, including investing in a system to cascade decision rights throughout the organisation; (2) discipline in handling power and wealth; (3) focus and sense of urgency to build something with a purpose and commit to an idea larger than themselves to care for, and serve, others with love; (4) skin in the game with aligned performance-based incentives. Our three-step investment process:

- Eliminating companies with potential accounting tunnelling FRAUD and mis-governance risk prevalent in Asian companies with unusual related-party transactions, which escape the detection by western-based financial tools and techniques, using on our proprietary fact-based, forward-looking fraud detection system. We are grateful to have been invited to present our system to the top management of the Singapore financial regulator;

- Analysing the business model for QUALITY, including: (1) Resilience to stay profitable and protect market positions through up/downturns in the economy, and to allow companies to better manage rapid, sometimes disruptive, technological change; (2) Strong leading market positions with proven records across business cycles as this enhances pricing power and creates the foundation for sustainable good profitability, as well as an attractive position in the value chain without being dependent on specific suppliers or customers; (3) Continuous innovation and R&D to achieve and ensure strong market positions, create new categories of growth and profitability over time; (4) Long runway and addressable market to compound growth from solving pressing problems for their customers; (5) Exposure to service and after-market sales to improve the understanding of customer needs, building customer loyalty, and also offers attractive profitability, additional growth opportunities and increased product penetration; (6) Prudent stewardship and allocation of capital; (7) Strong balance sheet and robust cash flow generation that can be used for reinvestment into the business, for example in R&D and market expansion, to capture attractive opportunities, as well as steady cash distribution to the investor;

- Selecting entrepreneurs and owner-operators with VALUES & PASSION for their business. This is seen through their thought leadership and value-add to the community as they serve with integrity, and the corporate culture they build.

Source: Kee Koon Boon, 2003-2017 ©

Corporate Lifecycle Stage	Valuation Dynamics
Stage 1: 20x from $50m to $1bn Emerging growth industry companies started by wide-moat innovator	At several points in time, the financial market holds back in according a proper price on the company, as the company grew in market cap too fast despite the strong fundamentals and growth; market panics and PEG falls.
Stage 2: 20x from $1bn to $20bn Rides the rising tide, niche potential transforms to mass market scalability	As company continues to deliver, there is positive re-appraisal of the company and PE re-rating; PEG climbs back up again.
Stage 3: Milks the cow and consolidator	PEG remains relatively steady as company “milks the cow” for cashflow – or company gets complacent with size and falters.
Stage 4: 20x from $20bn to $400bn Dominance/Legacy/Built-to-Last	Growth slows down, but PEG climbed due to “dominance” or “winners-take-most” factor, resulting in steady market cap.

We have been following closely a number of entrepreneurs building their enterprises in Asia over the years, observing up close their struggles and their breakthroughs, compiling the progress of their corporate lifecycle stage by Stage 1 to 4 and valuation dynamics according to the VQ ratio, which guided our investment thinking and action to avoid the costly errors of over-emphasizing “value” without regards to “quality” or/and overpaying for “quality”.

While it is true that there are many Stage 1 companies trading cheaply from a quantitative perspective, many of these business models are impaired and stuck in Stage 1. In the past decade, once-successful “Stage 1” entrepreneurs have scaled their companies by multiple-folds to under a billion dollar in market cap. However, as a result of them mishandling risks, or even preventing risks through business model design, an overwhelmingly majority of companies remain in Stage 1, unlike the rare few like Largan Precision who are able to make the successful transition from a billion to $20 billion in market value. Nonetheless, entrepreneurs still push the same, possibly inappropriate, levers for growth, or worse, start to stray as they find it easier to seek growth by engaging in non-core business activities, and private business interests outside of their listed vehicles. These are the value traps to avoid.

Peter Lynch’s Magellan fund makes superb returns over the longer-term but when they dig further into individual unitholder’s average returns, the performance results were surprisingly disastrous. This was because they were fleeting investors in the mutual fund who did not stay the course. Through the study, Lynch and Templeton guided a profitable investment strategy for their clients: buy more units of the fund whenever the fund experiences a drawdown, despite the healthy and improving fundamentals of the portfolio.

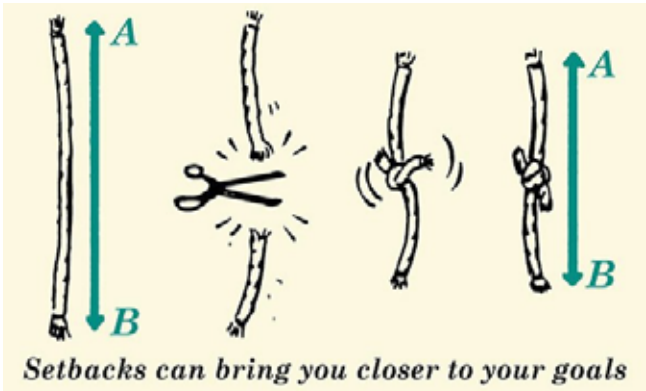
Table: VQ Ratio of Hidden Champions Fund – 85% Superior Than the Market Comparable

Portfolio		Australia	Japan	Singapore	Hong Kong	Taiwan	Thailand	India	Mkt Average	Performance	
No. of Companies		24	146	30	04	38	28	40	346		
(A) ROA (EBIT/TA)	14.9%	10.2%	7.6%	7.3%	8.7%	13.0%	8.0%	13.9%	9.5%	56.6%	Better than Mkt Avg
(B) ROE (EBIT/Equity)	26.1%	22.4%	15.3%	10.5%	15.6%	21.0%	16.8%	24.5%	18.2%	43.7%	Better than Mkt Avg
(C) EV/EBIT	12.4	14.8	11.3	18.5	14.9	13.8	21.0	17.6	16.0	22.4%	Cheaper than Mkt Avg
(D = C/B) Value to Quality (VQ)	0.47	0.66	0.73	1.76	0.96	0.63	1.31	0.72	0.88	86.7%	Superior than Mkt Avg

When we compare the weighted profits of our portfolio companies in the Fund to the 346 Asia Pacific companies with a similar operating profit range of US$40-70 million, our weighted portfolio return on assets (“ROA”) and ROE are around 50% better than the Asian companies of comparable profit scale, yet the valuations in terms of EV/EBIT are around 23% cheaper. With the VQ ratio of our Hidden Champions Fund presently superior by 85% than the market comparable, we believe the Fund is significantly undervalued relative to its intrinsic value and the downside risks are limited to protect investors.

Guided by this, we will open the Fund to external clients in an initial subscription for a limited window period before soft closure. More details will be shared later. As an added disclosure, both senior management of 8IH and the entire Hidden Champions Fund investment team have invested our own personal capital into the Fund to commit our skin – and more importantly, our soul – in the Fund alongside our clients on the same terms and fees.

As the current market hype over the “flight to junk” carry trade that is groping for yield subsides and the overall market retreats, we expect our Fund to outperform. We have also taken the opportunity to make some divestments over the period at a significant net absolute gain and our cash level is around 20% in late April/early May 2017. Given the significant undervaluation of our Fund, despite the continued strong fundamentals, we reframe our YTD positive but lagged results as a setback akin to the cutting of a string that reaches between where you are now and your goal; if you make the effort to retie the string, the distance between your position and your goal shrinks. We believe our focused Hidden Champions will continue to monozukuri their way to “retie the string” to outperform with resilience.



Source: How Reframing Builds Resilience by Brett & Kate McKay | May 9, 2017

Just Monozukuri It for Business & Investment Resilience

When NASA searched the world over for the critical part of advanced lightweight mechatronic gear system used in the driving axles and robot arms for its Mars Curiosity Exploration Rover and to steer the solar panel on an orbit, they found only one company that could satisfy their stringent requirements. This Hidden Champion is Harmonic Drive Systems (JASDAQ: 6324) (“HDS”). Besides spaceflight applications, HDS’ innovative high-performance gears also play a critical role in multiple fields from robotics, semiconductor, and factory automation equipment to medical diagnostics and surgical robotics. HDS is in Hamamatsu, a city of “monozukuri”, located at the central area of Japan, in between Tokyo and Osaka. Some of the world’s leading companies are located here, including Suzuki Motor, Yamaha Music, and Hamamatsu Photonics, which commands a 90% global market share in the sensor devices, known as photomultipliers, that play important roles in everything from X-ray machines to DNA sequencers and pollution monitors. People in this area have traditionally embraced the spirit of challenge, which has cultivated the creative culture that produced many innovators and innovative technologies.

HDS CEO Akira Nagai attributes its success to its monozukuri craftsmanship culture: “Every year we have fresh high school graduates. It takes about 20 years for an engineer to be qualified to this level. Our business is about craftsmanship and Monozukuri, but it does not entirely depend on the individual skill. The trick is,

Investment in Public Markets

we have a corporate culture whereby nobody will tolerate submicron differences.” *Source: http://www.theworldfolio.com/news/monozukuri-the-japanese-way-of-instilling-values-of-responsibility-and-consequence-for-the-world-at-large/4176/*

	30 Sep'15	31 Mar'17	01 May'17
Price (JPY)	1,704	3,505	3,605
MCAP (USD)	1,304	2,879	2,958
EBIT (USD)	62	67	67
“Value”: EV/EBIT	18.2	39.1	40.2
“Quality”: ROE (%)	21.3	20.1	20.1
Value-to-Quality (VQ)	0.9	1.9	2.0

We were deliberating whether to invest in HDS during our fund inception in September 2015, when it traded at EV/EBIT 18.2x and generated an ROE of 21.3%, yielding a VQ ratio of 0.9x, which we deemed as not cheap. The stock then doubled to ¥3,600, with a market value of nearly US$3 billion, and its VQ ratio is now 2x.

Source: https://www.giken.com/ja/developments/eco_cycle/

To illustrate our investing discipline in not chasing and overpaying for quality stocks, and yet generate healthy returns, we would like to highlight another Hidden Champion, which we invested in with a better risk-reward ratio and generated a 40-45% return. This Hidden Champion is Giken Ltd (TSE: 6289), whose founder Akio Kitamura invented the world’s first “silent pile” in 1975, providing a silent and vibration-free pile installation, a disruptive technology in construction method whose unique environmentally-friendly implant structure and press-fitting method can minimize the contact area of the structure to the earth. The current silent pile incorporates the most up-to-date technology and has achieved a massive size reduction, and a 70% weight reduction, with much higher performance. The result is a technology that can cut over half of all project material costs and time, while working quietly beside houses, hospitals and other densely-populated areas, without much disturbance to the surrounding from the piling work required. Giken also enjoys a huge addressable market as it disrupts the US$4.4 billion global piling market. The innovation has also sparked new growth applications in foundation work, tidal and flood defence, transport, automated underground parking facilities, the innovative EcoCycle underground bicycle parking system, and many more.

仕事に銘を打て

Giken’s monozukuri and craftsmanship corporate motto and culture is “To Leave One’s Mark” in contributing to the world by creating original products and technologies that benefit society. As articulated by its founder Kitamura: “On repudiated Japanese swords, crafted by expertise, experience and know-how, the name of the swordsmith who made it is deeply engraved. The engraving shows that the sword was crafted by the master whose name is shown and the name is passed down from generation to generation forever. Our work should be equally as good a quality as a sword made by a reputed master. When each one of us realizes, as a member of an organization, his own role and responsibility and sets out on the task with a definite goal and objective, he has made the first step to inscribe his signature on his/her job. It is very important to complete a job that you can say to others with pride and confidence, ‘This is a job I have done by myself.’ Especially it is important for each Giken member that he/she stands on own and proudly proclaims as such.” *Source: https://www.giken.com/en/company/vision-philosophy/*

	30 Dec'16	31 Mar'17	01 May'17
Price (JPY)	1,898	2,153	2,770
MCAP (USD)	402	477	612
EBIT (USD)	37	42	42
“Value”: EV/EBIT	10.6	11.7	13.0
“Quality”: ROE (%)	16.6	17.6	17.6
Value-to-Quality (VQ)	0.6	0.7	0.7

We first invested in Giken in December 2016 when it was trading at EV/EBIT 10.6x with a market cap of around US$400 million and generating an ROE of 16.6%, yielding a Value-to-Quality ratio of 0.6x. The stock went on to generate returns of 40-45% for our portfolio as the company continues to deliver quality growth and earn an upward re-rating in valuation. We use internal codewords for all our portfolio stocks, so that even if people were to overhear our discussion about portfolio stocks, they would not know of the name of the companies. We have dubbed Giken the “Silent Swordsman”.

Ancient Monozukuri philosophy still guides an exclusive group of corporate Japan in the 21st century. With a focus on a long-term vision rather than short-term results, selected Japanese Hidden Champions push for sustainable growth, while adhering to age-old principles of craftsmanship and contributing to society. At the Hidden Champions Fund, we endeavour to dig deeper into the quality of the business models and owner-operators who exemplify the monozukuri philosophy grounded in high quality and craftsmanship like Harmonic Drive Systems, Giken, YKK and Pola Orbis, and invest in them at an earlier or tipping point stage to participate in their long-term growth trajectory.

We first came across the term and concept of monozukuri some years ago in a Hidden Champion that might be familiar to many of us: YKK, the privately-held dominant global market leader behind the ubiquitous high-quality zippers found everywhere from our jeans to handbags. YKK also leveraged on its bonding and fastening technological core competencies to high-end architectural product and airbag fastener. Below is a message from YKK's second-generation leader Tadahiro Yoshida, son of the founder Tadao Yoshida, about their "never-ending pursuit of the culture of monozukuri" and "the cycle of goodness" where "no one prospers unless he renders benefit to others" as the key ingredients behind their phenomenal global success.


Messages from the Chairman

Opening New Horizons for Tomorrow through Technological Development and Innovation

- Contributing to Society as a Creative Manufacturer of Value -

The Never-ending Pursuit of the Culture of Monozukuri*

Source: YKK Group, 2015 Annual Report

Portfolio Stock Case Study: Monozukuri at "Japan's SK-II" POLA ORBIS (TSE: 4927)

"A cream created for one person alone" - 80 years ago, the company's late founder Tsuneshi Suzuki studied on his own and developed a new cream for his wife who had roughened hands. This was the beginning of the beauty care company POLA ORBIS, focused on natural and organic products with strong and distinctive brands that include the venerable high-prestige POLA that has been imbued with a "timeless" image; the unique non-oil based formula and minimalist packaging and value-priced ORBIS; organic Jurlique, which uses herbs and roses grown on the company's own plantation; and H2O+ with its sea-derived natural ingredients. By focusing on the high- and low-ends of the Japanese cosmetics markets, while avoiding the shrinking middle, and focusing on skincare, where prices, margins and growth rates are higher than average, POLA ORBIS is better positioned than most of its competitors.

Source: Financial Times (https://www.ft.com)

Source: http://ir.po-holdings.co.jp/en/Management/ManagementMessage.html

Led by Satoshi Suzuki, the adopted son of the late founder, POLA ORBIS innovated new lines like anti-aging series Red B.A, health supplement White Shock Inner Lock IX, sensitive skin brand Decencia, Wrinkle Shot Medical Serum (January 2017) to grow quietly and resiliently against the trend and power the company to scale greater heights, compounding over 500% since its listing in December 2010 to a market value of US$5.7 billion.

POLA ORBIS pursues monozukuri excellence not only in flexible, high-mix-batch-volume quality manufacturing, but also in its selling and sales strategy, and a scalable business model built upon a flexible cost structure.

(1) Flexible high-mix-batch-volume quality manufacturing

POLA ORBIS pursues its monozukuri excellence on skincare product with high repeat ratio, concentrates resources into high value-added skincare, particularly anti-aging and skin whitening products in which it has cutting-edge technology, and collects and utilises over 16.8 million data sets of Japanese women's skin attributes obtained from customers in the course of sales activities.

A tipping point in the monozukuri structure for POLA ORBIS occurred in September 2014 with the consolidation of domestic production activities at one site — the Fukuroi Factory. In machine-driven manufacturing, mass production is the standard approach. Similarly, skincare products and cosmetics have always been made in larger quantities than required as it was difficult to produce only small quantities while ensuring consistent quality. By focusing on skincare and base makeup, and effectively maintaining consistent levels of quality, the one-site production structure with the application of advanced robotics technology reinforces the production system — a wide variety of products made in small quantities — that comes with the Group's multi-brand portfolio. The design Pot-shaped machines, which were more suited to volume requirements, led to the development of POLA original manufacturing equipment with capacity perfectly suited to the required amount of product when it was needed. Every employee on the factory floor takes to heart the idea that "not even the smallest malfunction should be missed because customers deserve the very best," and all personnel dutifully apply this concept as they perform their jobs.

Investment in Public Markets

(2) Controlling the entire value chain to create a good experience and emotional bond with the consumer

Unlike most cosmetics companies, which rely on department stores, drug stores, and convenience stores to sell their products, POLA ORBIS controls the entire value chain for its products, including the crucial point of sale. This gives it a big advantage in terms of controlling the firm's image and pricing, becoming better connected with its clients and receiving direct feedback from them. Since the 2005 rollout of POLA THE BEAUTY ("PB") shops, which are roadside shops with an aesthetic salon, the company's strategy of "experience marketing" has created an emotional bond with the consumer via repeated positive experiences, most importantly at the point of purchase. The PB sales channel augments a direct sales model with promotions, such as discount aesthetic treatments that are delivered in a customised setting, optimising the purchasing experience. Jurlique, the Australian skincare company acquired by POLA ORBIS, employs similar methods to enhance consumers' image of the brand. Even the mail order sales model employed by the ORBIS brand has been optimised to the point where, based on the Nikkei Business Survey, ORBIS is regularly nominated as the number one website in terms of client satisfaction.

The commission-based direct sales channel employed by the POLA brand and Internet sales channels employed by the ORBIS brand do not rely on an army of salaried sales consultants, which is the major cost item for companies such as Shiseido, and confer an advantage over its peers. In September 2014, the firm abolished its scheme, which offered discounts in step with purchase volumes, and switched to a scheme awarding reward points in line with a customer's stage and purchase value. While this was potentially a negative for consumers who were attracted by the discount scheme, it acted as an incentive for sustained purchases for keen users of the ORBIS brand. POLA ORBIS has a large base of repeat users, which results in greater earnings stability than is typical in the cosmetics industry.

(3) Decentralisation and autonomy

To protect the integrity and guard against the dilution of each brand's well-defined image, the company is structured as a holding company to give the key managers autonomy, with each product line established as an independent entity responsible for all branding, pricing, marketing, advertising and promotion decisions. However, each business is backed up by the parent entity, which supports all back-office functions and helps optimise purchasing and logistics functions.

Source: http://www.po-holdings.co.jp/en/group/policy/index.html

Portfolio Activity: Nyquest Technology

Successful value investing is perhaps commonsense, but definitely not straightforward. Consider this: in this digital era of iPad and iPhone, wherein lies the role of non-digital traditional toys? Yet, toymaker Hasbro continues to grow healthily to a record market value of US$12.6 billion to compound wealth for its shareholders. Ironically, traditional toys are also benefitting from a reverse trend toward active play, as parents grow increasingly concerned with too much digital screen time for their kids.

Source: Financial Times (https://www.ft.com)

Hasbro has assembled a portfolio of iconic entertainment properties and developed a core competency in storytelling and content generation around its brands, which provide a sustainable competitive advantage. Hasbro set the groundwork for today's success over the past decade as it gathered extensive consumer insights and established its "brand blueprint" go-to-market strategy. Innovation is also driving the business on a sustainable level, rather than being driven by one-hit products. Therefore, despite the toys being classified as discretionary consumer items, Hasbro displayed defensive characteristics given the desire for parents to do the best they can for their children, which includes helping them feel joy. Toys fulfil this "need" in a relatively inexpensive way. While a family may cut back on vacations or eating out, spending some money on a toy will likely continue, particularly during the holiday season or birthdays, when toys are top-of-mind as gifts. This provides some safety and consistency should the macro economy face a slowdown.

Nyquest	Nyquest Technology Co., Ltd. (GTSM:6494) Guo Qiuli 郭秋麗 (CEO), Chen Jianlong 陳建隆 (President) and Lin Mengyi 林孟逸 (VP)
	Current market cap : US$45m
	Updates: 1Q/FY results (YE Dec) announced on 5 May 2017 Upcoming: 2Q/FY results to be announced on 4 Aug 2017

Quick Stats	
LTM Sales = +23.8% to US$30m LTM EBIT = +48.1% to US$4m GP Margin = 40.6% to 40.5% EBIT Margin = 10.5% to 12.5%	"Value": EV/EBIT = 9.3x "Quality": ROE = 22.7% to 24.3% Value-to-Quality (VQ) = 0.38x

The winning story of Hasbro – and the survival of many other toymakers - is in fact also powered by an Asian Hidden Champion who is the innovative fabless IC designer supplying value-added consumer ICs, including the voice-synthesizer chip, to give smart toys a voice. This company is Taiwan's Nyquest Technology (GTSM: 6494), 九齊科技 which we added into our portfolio and is now one of our top positions. Nyquest has market leadership in the niche market for voice-synthesiser ICs and microcontrollers ("MCUs") for smart toys which is experiencing a rising recurring demand. Nyquest generates an ROE of 24.3%, trades at an EV/EBIT of 9x and has a sustainable cash dividend yield of around 6% backed by its healthy net cash balance sheet that is around 20% of its market value and strong cashflow generation ability. Nuvoton Technology Corporation (TSEC: 4919), part of Winbond Electronics (TSEC: 2344), is also a strategic shareholder with a 16.9% stake to provide stability in the shareholder base.

From L to R of Nyquest's three musketeers: Chen Jianlong 陳建隆 *(President), Guo Qiuli* 郭秋麗 *(CEO), and Lin Mengyi* 林孟逸 *(Vice-President)*

Nyquest has a diversified customer base, breaking into the ecosystem of Hasbro and Mattel in 2016, adding on to its North America customers that include Canadian-listed toymaker Spin Master, Hallmark, MGA, Gemmy, Little Tikes, Fisher-Price, Bratz; penetrating into the supply chain of Japanese toy makers Bandai, Sega, Benesse, TakaraTomy in 2014-15; and the Chinese toymakers Auldey 奥迪双鑽, Blue Cat 蓝猫, Goodbaby International 好孩子国际, Meisida 美斯达, Guangdong Huawei Toy Art And Craft Group 骅威, Guangdong Alpha; as well as Francis Choi's Early Light Industrial and LT Lam's Forward Winsome, who are both known as the "kings of toys" controlling the Chinese factories that produce much of the output for global industry leaders Hasbro and Mattel. Nyquest recently announced in May 2017 that they won orders from Spin Master to supply the touch controller chips for its popular Hatchimals product range.

From L to R of the Hidden Champions Fund team with each holding a talking smart toy possibly given a voice by Nyquest's chip: Investment managers Joshua Zhang Yaolin and Richard Sim Zhipeng, KB Kee, business development analyst Tho Jin Liang and investment analyst Joyce Pang

Source: http://mops.twse.com.tw/nas/STR/649420160411E001.pdf
Video: https://www.youtube.com/channel/UCvBZkafRBmztyZh47Eqlmkg

ource: http://www.express.co.uk/life-style/science-technology/730180/Hatchimals-Tesco-Argos-Smyths-how-to-buy-in-stock

Since the 1990s, the fabless IC designer industry has grown from strength to strength, from only three companies – Cirrus Logic, Adaptec and Xilinx – to the breathtaking successful rise and rise of Nvidia to a market value of US$84 billion, the fabless IC designer of high-end graphics processing unit once confined in the niche of computer gaming units and breaking out to become key components of nascent technologies in multiple new growth applications from smart cars to artificial intelligence.

Just as Nvidia, dubbed the "New Intel", was started back in 1993 by three young electrical engineers – Chris Malachowsky, Curtis Priem and Nvidia's current CEO, Jen-Hsun Huang - devoted to making specialised chips that would generate faster and more realistic graphics for video games, Nyquest was established in 2006 by the three musketeers Chen Jianlong 陳建隆 (President), Guo Qiuli 郭秋麗 (CEO), and Lin Mengyi 林孟逸 (Vice-President) to target the Western and Chinese markets of consumer ICs powering devices and appliances. Chen is the "brains", the R&D engineer specialist; Lin is the "marketer" in charge of business development; and Guo is good in strategic market analysis and applications. Nyquest found a growing niche in designing good quality, fast-to-deliver and solution-driven OTP (one-time programming) ICs with its proprietary software and development tools that can offer its clients a comprehensive library of customised solutions to choose from and delivered in as short as three days(!) Additionally, given the much short product cycle of toys, this helps shorten the lead time in launching new products to the market and reduce inventory risks, critical qualities that the customers value.

Investment in Public Markets

The power of speed makes us think of Zara, the fashion empire built on an unconventional idea: speed and responsiveness are more important than production cost, "reducing stock to a minimum and diminishing fashion risk to the greatest possible" as articulated by Zara's multi-billionaire founder Amancio Ortega. Zara is renowned for its ability to design and deliver new clothes to stores and in small batches in about 20 days, at least four to five times faster than its peers. We think Nyquest's mastery of speed and responsiveness in designing and delivering mass-customised batches of consumer and voice synthesiser ICs makes it the equivalent of a Zara in the growing smart toy and smart appliances industry.

As Nyquest continues to extend its market leadership with more innovative value-added solutions for its customers, its gross margins climbed steadily from 32.3% in 2012 to the present 40.5%. Nyquest's recent 1Q2017 results announced on 5 May 2017 saw its sales and EPS grow 16% and 22% year-on-year. Its management commented that they are making greater progress in higher value-added 32-bit consumer ICs for the smart household appliance market as they continue their growth trajectory in the long runway ahead in the micro-component market, where they focus and specialise in the niche MCU segment, comprising 22%, or $14.8 billion, of the burgeoning industry that is injected a new life by the Internet-of-Things trend powering smart appliances.

Portfolio Activity: Emmbi Industries

Another new stock that we added is Emmbi Industries (NSE: EMMBI), one of India's largest technical textile and specialty polymer processing company manufacturing: (1) woven sacks and Flexible Intermediate Bulk Containers ("FIBC"), which are used in the transportation of bulk commodities such as chemicals, fertilisers, cereals, and detergent (39% of FY16 sales); (2) advanced composites of pharma and food grade, such as anti-carcinogenic, anti-bacterial, anti-corrosive and tapered-proof FIBC, with an R&D centre Emmbi Innovation Lab recognized in April 2016 by India's Department of Scientific and Industrial Research ("DSIR") to differentiate from its other peers in the fragmented industry (43% of FY16 sales); (3) various technical textiles and advanced composites, such as container liners, protective irrigation system, canal liners, flexible water tanks (patent registered), car covers used in water conservation (16% of FY16 sales) and (4) agricultural products (2.8% FY16 sales).

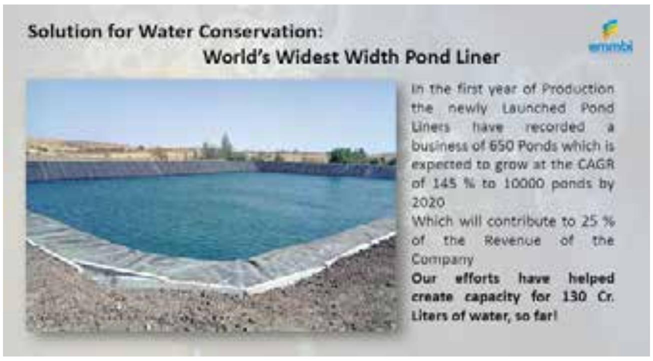
	Emmbi Industries (NSE: EMMBI) Makrand and Rinni Appalwar (MD and CFO)
	Initial purchase price : INR135.40 Current market cap : US$46m
emmbi	Updates: 4Q/FY results (YE Feb) announced on 28 Mar 2017 Upcoming: 1Q results to be announced on 30 Jun 2017
Quick Stats	
LTM Sales = +7.7% to US$33m LTM EBIT = +5.5% to US$4m GP Margin = 24.2% to 32.0% EBIT Margin = 11.0% to 10.8%	"Value": EV/EBIT = 14.7x "Quality": ROE = 32.6% to 30.2% Value-to-Quality (VQ) = 0.49x

Established in 1994, by first generation owner-operators and husband-wife team, Makrand and Rinku Appalwar, Emmbi is based in Maharashtra with its manufacturing facility located at Silvassa in Gujarat where 48% of their product sales are derived from international markets. Emmbi's customers include established consumers and industrial companies such as Hindustan Unilever, Tata Chemicals, Godrej Industries and ITC, as well as e-commerce players like Flipkart, Amazon and eBay. Emmbi generates an ROE of 30.2%, trades at an EV/EBIT of 14.7x.

The mispricing opportunity arose because Emmbi's business model was misunderstood. While the domestic bulk packaging industry is fragmented with around 30 FIBC manufacturers producing undifferentiated volume-driven products, Emmbi is the only company who is using the woven polymer as a base while others use the film side base. We believe Emmbi is at a tipping point in its corporate life-cycle, following the launch of an increasing number of innovative products whose applications can be found in food, safety, water conservation, agriculture, infrastructure, e-commerce, crop protection, hazardous and nuclear power plant waste management and solid waste management.

For instance, Emmbi recently inaugurated the world's widest width pond lining facility at its Silvassa plant in Gujarat in April 2017. Emmbi will produce 4,380 pond liners per year under the "Jalasanchay Brand", creating an extra water storage capacity of 48 million litres per day for rural India. The states of Maharashtra and Rajasthan, where the company is presently active, have plans to produce 110,000 and 50,000 pond liners per year respectively, for the next five years. This is the new market segment for Emmbi with a potential size of Rs 2,000 crores (US$310 million). Emmbi is among the top 3 players in the pond liner business and aspires to get 10% market share of pond lining business in the coming years.

Emmbi is also working with five banks to make funds available for farmers for its pond liner business, which the management expects to bring in huge opportunities going forward. Emmbi has also started a 15-day certificate course for building a team of Emmbi certified pond lining operators who are the distributors to penetrate the market. Makrand commented that "We are creating a complete ecosystem around it. We have a toll-free number where we run and advise people that how to make a pond, what should be your size of the pond, what crop you are taking, if this particular crop has to be taken, then what is the return on investment for you, one season or two seasons, how fast you will get the money. So all these organisational and operational things must be understood before we go in with a much larger scale of operation, because when we have this pulse of knowledge in the business, success is closer."



Source:http://www.wovensackindia.com/Upload/InvestorPresentation/Emmbi%20Investor%20 Presentation%202016-17.pdf

Source: Emmbi Industries Limited's 2016 Annual Report

Emmbi has also created a brand mascot “Dr.M” to advise farmers and rural customers on the application of “Jalasanchay” and “Krishirakshak” specialised range of crop protection products.

Source: http://www.wovensackindia.com/Upload/InvestorPresentation/InvestorPresentation.pdf

Emmbi’s CEO Makrand-ji commented, “It pains me to see our country suffer from acute water shortages and hence water conservation has been at the heart of Emmbi. In the recent years, water has become a national priority, so our investments in this line have paid off positively, we expect the Water Conservation segment to grow in double digits over the next five years. This business is not only about weaving textiles that find applications in lining of lakes, or canals, it is also about touching human lives. We have been exporting our pond lining, canal lining, and check dam products across the globe, and now we are adapting to the Indian market. We have researched, designed, and perfected collapsible water tanks that are convenient for storage at homes while saving space. We have also devised flexible tanks for easy transportation of water on bicycles and motorbikes. Our customers love this product, and now we have engaged a well-reputed international consultancy firm to devise a strategy to grow this business. In short this would be Emmbi’s foray into the consumer segment, whilst the core remains specialized polymer processing. The latest segment we have entered is the Agri-Business. India being an agrarian economy, this segment offers tremendous growth potential.” *Source: Emmbi Industries Limited’s 2016 Annual Report*

Another new innovative advanced composite product launched In FY17 is the ‘Aroma Lock’ technology that uses an aluminium liner to seal the aroma of products like coffee. Emmbi has created a 1-tonner to 10-tonner larger-size bulk packaging transport. Makrand-ji commented, “I am glad that Emmbi has now been active in touching your lives every morning through a strong cup of coffee.” Thus, the DNA to innovate and adapt to changing market needs gives visibility on long term sales growth and profitability.

Source:http://www.wovensackindia.com/Upload/InvestorPresentation/Emmbi%20Investor%20 Presentation%202016-17.pdf
Video: https://www.youtube.com/watch?v=mNvYEybuc4I

Upcoming new innovative products to drive Emmbi’s growth include: (1) Advanced composites: The start of the clean-room food and pharmaceutical grade FIBC packaging material plant on 21 June 2017 with an installed capacity of 2,400 MT per annum and estimated revenue at peak utilization of Rs 40 crores (US$6.2 million) per annum and 15%+ EBITDA margins; Pneumatic human safety fall arrest systems & dunnage systems; E-commerce tamper evident multi trip packaging; Infrastructure road and roofing underlayment, Fire retardant scaffolding; (2) Water conservation: Retail distribution of pond liners, flexi tanks; canal liners, check dams, lapeta pipes; (3) Agro-Polymers: Export substitution crop protection, mulch films, silage incubators, agro sheds. Emmbi is also one of the key beneficiaries from Prime Minister Modi’s export vision and dream of building a global supply chain and exploring the potential for growth of technical textiles in India. The Textile India 2017 mega exhibition, the world’s first B2B event, in June 2017, will be an important event to showcase innovative Hidden Champions such as Emmbi to the world.

Source: Emmbi Industries Limited’s 2016 Annual Report

More importantly, we see Emmbi’s transformational story from B2B to B2C as hugely overlooked. Emmbi, in the initial days, would turn down small orders due to long machine downtimes from the change-out of extrusion molds, lowering their economies of scale. As the first in India to achieve ISO in the industry, big clients like Hindustan Unilever and Tata Chemicals, and international players like Honda Motors and Dow Chemicals Inc have kept them sufficiently busy. Emmbi’s closeness to customers allows them to have a finger on the pulse of their customers and markets to keep them at the forefront of the industry in innovation.

Investment in Public Markets

Emmbi's founder and CEO Makrand Appalwar listened intently to the voice of his smaller customers, realising that there was a huge unmet demand: "We began to realise that since there were so many queries for small orders, clearly there was a market need, and by saying no to it, we were sending business to our competitors. Somebody, somewhere was fulfilling these demands, and had the capacity to produce smaller quantities. We should be able to do so too."

The tipping point in the business came from a smart manufacturing innovation which enabled them to scale from the low margin low-mix high-volume (B2B) business model to court the higher margin of the high-mix low-volume B2C mass market. To solve the two-hour tool-change downtime per yarn specification, Makrand and his team piloted the idea of producing multiple specification of polymer yarn within one mold, successfully eliminating downtime after much perseverance. With the new ability to service smaller orders without compromising on machines productivity, combined with "quality endorsement" of the well-known big clients, they gobbled up market share within a year to rise as India's top three exporters of technical textile.

We like Emmbi's relentless pursuit of excellence and innovation which we believe will drive the company to scale greater heights. As articulated by Makrand: "Differentiation is not only what you know, but also is about what you notice. It is our constant endeavour to listen to needs of the society and our ability to meet demands that has kept us on the growth path. The fact that we are constantly innovating, and bringing tangible benefits to our clients, glues the customers to us. I also believe that innovation is not only about creating value in a laboratory environment, it is also building a culture of innovation around the company. It could come from any of our employees, a scientist, an operator of a machine or from an accountant. We have invested in creating this environment through regular ideation exercises, creative competitions, and workshops. We believe in our people, and are consciously building a team of competent and motivated professionals. These are the facets of our success. We continue to constantly ask ourselves, 'What next? What would be the next area of growth, and how can Emmbi participate?'. This is what has kept our wheels rolling and would continue to do so in the future." *Source: Emmbi Industries Limited's 2016 Annual Report*

Portfolio Activity: Sealink Travel Group

We will briefly update the continued performance of our existing core stocks in the portfolio:

Australia continues to prove itself as the new global Mecca for tourism. The Federal Tourism Minister revealed in March 2017 that tourism dollars cracked A$100 billion for the first time and exceeded coal exports on continued record tourist arrival, both inbound and domestic, and across different markets from China, Japan, and India.

Under the strategic initiatives implemented by the Coalition Government, the Australian tourism industry is growing three times faster than it was under the previous Labor Government. Sealink Travel is a key beneficiary of this positive structural trend and it continues to deliver record performance across all its businesses for its 1H17 interim results announced on 14 February 2017, growing sales and operating profit by 60% and 94% respectively on rising profit margins, generating an ROE of 29.3% and delivering a 33.3% increase in dividend payment. Sealink Travel trades at an attractive EV/EBIT of 11.4x with a dividend yield of over 3%.

SEALINK Travel Group	Sealink Travel Group (ASX: SLK) Jeff Ellison (CEO)
	Initial purchase price : A$3.32 Current market cap : US$309m
	Updates: 1H results (YE June) announced on 14 Feb 2017 Upcoming: 2H/FY results to be announced on 10 Aug 2017
Quick Stats	
LTM Sales = +60.3% to US$150m LTM EBIT = +94.3% to US$30m GP Margin = 36.3% to 37.9% EBIT Margin = 16.7% to 20.2%	"Value": EV/EBIT = 11.4x "Quality": ROE = 16.8% to 29.3% Value-to-Quality (VQ) = 0.39x

Since our initial investment, Sealink Travel has successfully transformed from the initial leading tourism player to become a comprehensive transportation services provider with the successful launch of the innovative high-speed light ferries for Sydney Harbour to transport commuters into the city daily, especially during Sydney's peak periods. By ferry, it only takes 15 minutes from Watsons Bay to Circular Quay, compared to at least 40 minutes driving through chaotic traffic in busy periods. Sealink also hopes to launch a Manly/Barangaroo Point ferry to service the 24,000 workers who will work at Barangaroo Point post-completion. A simple estimate is that if Sealink captures 1,000 passengers a day for a return fare of about A$15, it would generate an annual revenue of A$5.5 million. This estimate is set to grow with the government appointing the initial integration partner of the "Opal" cashless ticketing system on 28 March 2017. Currently used on public bus and train services, this enables commuter to pay for ferry services directly by tapping their Opal cards or credit cards. Under the plan, Captain Cook Cruises will continue to administer its own fare prices, structures and definitions. Transport for NSW and Captain Cook Cruises are preparing plans to install the Opal system ready for operation in 2018. A key operational strength of Sealink is its constant investment in IT to protect and grow its earnings. The Australian government was also impressed by the in-house IT capabilities of Sealink.

Not to be seen as a mere asset operator, Sealink is a technology champion utilising dynamic pricing, growing e-commerce sales, and machine learning pricing predictions, using its tech platform to scale up with online and mobile ticketing sales now contributing over 23% of total revenue. The resiliency of Sealink is supported by long government contracts and delivery of critical services to provide essential, stable, and long recurring cash flows – even in bad times. It has monopoly over most of the routes it services, including Kangaroo Island, similar to Jungfraubahn Holding AG's railway monopoly to Swiss mountains.

Photo of the Hidden Champions Fund team with Sealink CEO Jeff Ellison

CEO Jeff Ellison and his Sealink team also worked hard with an ecosystem approach in collaborating with locals to spearhead marketing efforts, breathing life into the once-remote agriculture island off Adelaide, and transformed Kangaroo Island into one of South Australia's most popular tourist attractions. In April 2017, Sealink announced that it will lead feasibility studies with government and environmentalist to build the Southern Hemisphere's first-of-its-kind scuba-diving underwater art museum, located near Townsville, Queensland. This project is hailed a possible "game-changer" for the region's marine tourism industry as the underwater art museum plans to include installations along Magnetic Island, Palm Island and the outer reefs off Townsville's coast. With the first underwater art museum in Mexico listed among the Top 25 Wonders of the World and attracting 400,000 visitors annually, this project, like Kangaroo Island, would not only be a win-win for Sealink Queensland, running Magnetic and Palm Island ferry services, but also a boost to the local economy.

Capital from public and private equity have also taken a keen interest in the Australian tourism play. Over in the North, Reef Magic Cruises was sold to ASX-listed Skydive the Beach. Down South, Quadrant Private Equity recently deployed A$300 million into two ferry services and a luxury train company to create Experience Australia Group. Champ Private Equity purchased New Zealand's Cook Strait ferry service while a mystery suitor pursed hotel operator Mantra Group in a potential takeover with chatter floating around Ardent Leisure Group and Myer Holdings. It would be no surprise if Sealink become a possible candidate attracting strategic investments, or if news breaks out that it would further expand its market share prudently via synergistic earnings-accretive acquisitions. We believe Sealink Travel could rise to a market value of A$750-900 million in the next 12-18 months as it continues to deliver A$50-60 million in operating profits, and trading at an EV/EBIT of 15x, indicating an upside of 70-100%.

Portfolio Activity: Okamoto Inc

When Colgate Palmolive introduced its first product line extension – a blue minty gel – in the early 1980s, few investors would have understood, and even fewer would have cared, about the transformation that was taking place. In the two decades since its first line extension, Colgate's share price has risen 25-fold, handsomely beating the market. Similarly, after the disruptive and innovative ultra-thin "001" 0.01mm condom launched by Okamoto in April 2015, the company introduced its first line extension products "0.01 L size" and "0.02 Real Fit" in July 2016, based on customer intelligence feedback and demand. Sales of the 001 and first line extensions have been encouragingly strong, propelling a strong record FY17 results announced on 10 May 2017 where operating profits jumped 27.6% to US$93.5 million, as gross margins improved from 25.8% to 28.6%. Okamoto also generated a historical high ROE which improved from 16.7% to 18.3%. This is due to its price premiumisation strategy as condom demand shifts to high-priced, high-quality products and input price volatility has limited impact on profitability. Okamoto trades at an EV/EBIT of around 10x.

As shared in our earlier investment letter, Okamoto has also hit a tipping point in its industrial products business which has leveraged upon its accumulated deep intangible material science and chemistry knowhow to create innovative products from protective film-coated lining for motorcycle seats where it commands market leadership in US as well as automotive interior materials (seat and upholstery materials, instrument panels). While 3-year sales grew 12.7% to US$490 million for the industrial business, operating profit margin for the industrial business expanded from 5.0% in FY14 to 11.8% in FY17, propelling operating profit to increase exponentially by 164% from US$21.9 million to US$57.7 million.

Okamoto Industries (TSE: 5122) **Yoshiyuki Okamoto (CEO)**	
Initial purchase price : JPY933 Current market cap : US$1.1bil	
Updates: 4Q/FY results announced on 10 May 2017	
Quick Stats	
LTM Sales = -1.3% to US$777m LTM EBIT = +27.6% to US$94m GP Margin = 25.8% to 28.6% EBIT Margin = 9.3.% to 12.0%	"Value": EV/EBIT = 9.9x "Quality": ROE = 16.7% to 18.3% Value-to-Quality (VQ) = 0.54x

Beyond the automotive products in its industrial products business, Okamoto has also leveraged its deep knowhow in film-forming technology of plastic film to produce polyvinyl chloride resin-based and plastic-based wallpaper which are extremely durable, not easily stained and equipped with additional functions such as being flame retardant, by combining formulation technology and surface processing technology. Okamoto is also able to produce these quality wallpaper according to a customer's design needs using technologies such as rotary screen printing, gravure printing, and synchronised embossing. The designs range from simple ones to those with vivid colours or complex designs.

In Japan, the number of new, renovated houses have been increasing at an average of 6.4% yearly and the trend is anticipated to continue till 2020, when Japan will host the Tokyo Olympic Games paving the way for the continued increase in demand for wallpaper and building material. Hence, to position itself for the growing customer needs for wallpaper, Okamoto announced that it will be investing US$100 million over the next three years to further expand its wallpaper business to build a new Tsukuba factory in Ushiku, Ibaraki Prefecture, in addition to the current production at Shizuoka factory, which is expected to be fully operational by March 2018. In its industrial products business, Okamoto averaged around ΔEBIT/Capex of 0.63 for the past three years from FY15 to FY17, which means that for each dollar of capital expenditure spend, it generates an incremental operating profit of US$0.63. This suggests that the US$100 million capital expenditure could potentially bring in an additional US$63 million of operating profit once fully operational and in full-utilisation, significantly contributing to the bottom-line earnings.

We continue to have high conviction that Okamoto Industries embodies the best of patient sacrifice and stable capital for longer-term profound investments in business and people, with relentless and eternal pursuit of excellence in perfecting its offering, institutionalising its monozukuri craftsmanship and codifying the knowledge to pass from one generation to another.

Portfolio Activity: Nitori Holdings

We also invested in Nitori Holdings, which has delivered over 40% in returns since our initial investment. Nitori is Japan's undisputed dominant specialty chain in furniture and home furnishing. Founder Akio Nitori, 72, serves as the holding company's chairman and his family has a 24.7% stake. Nitori generates an ROE of 21.7% and trades at EV/EBIT 20x.

Investment in Public Markets

	Nitori Holdings (TSE: 9843) Akio Nitori (CEO)
	Initial purchase price : JPY11,000 Current market cap : US$14.3bil
	Updates: 4Q/FY results (YE Feb) announced on 28 Mar 2017 Upcoming: 1Q results to be announced on 30 Jun 2017

Quick Stats	
LTM Sales = +11.6% to US$4.6b LTM EBIT = +17.0% to US$759m GP Margin = 53.2% to 54.2% EBIT Margin = 15.9% to 16.7%	"Value": EV/EBIT = 20.0x "Quality": ROE = 22.1% to 21.7% Value-to-Quality (VQ) = 0.92x

From Wal-Mart to IKEA, companies with a greater sense of purpose and insurgency in making available to the masses products and services that used to only be affordable to the rich, and achieved a "10X price disruption", are powerful super-compounders delivering superior shareholders' returns for a long period of time. Motivated by this grand purpose to bring true life affluence to Japanese and global customers following his learning trip to US in 1972, Akio Nitori resolved to cut the middlemen and dedicated his life mission to building a unique integrated manufacturing-logistics-retail business model to offer quality merchandise at affordable prices. Nitori grew from two stores in Sapporo, Hokkaido into a nationwide chain with dominant market leadership, and achieved an astounding 30 consecutive years of growth in sales and profit, converting macroeconomic adversities from consumption tax hike to whether the yen is weak or strong into opportunities for further growth.

Powered by its unique integrated manufacturing-logistics-retail business model, which is perhaps rivalled by only the unlisted giant IKEA, Nitori is able to enjoy a lasting wide-moat competitive advantage that grows stronger over time with the virtuous cycle of returning customers that generate one of the highest ROE and profit margin relative to all its industry peers. We are also particularly impressed by Nitori's amazingly efficient inventory management with an inventory turnover period of only 31 days, which is the fastest and most efficient in the global furniture and home furnishing industry. All the more impressive given that the business nature of furniture retailing is that furniture is a slower-moving durable good with a lower purchase frequency and distribution efficiency. Nitori's efficient working capital dynamics has contributed to a consistently high quality of income with a powerful recurring source of operating cashflow to reinvest for the long-term to extend its dominance.

Despite Nitori's market leadership, it is still operating in a fragmented domestic market with around 10% market share in the home and garden market and has a long runway ahead to extend its market leadership, particularly in the urban markets, and the Kanto and Kinki regions which are 10.9 and 4.5 times the size of Hokkaido's. Nitori has expanded its market share in the low-end category, but it has also been releasing mid-ranged products that offer additional value in terms of quality and function since 2012, and this has led to the expansion of its customer base. As at May 2017, Nitori currently has a network of 428 stores in Japan and 43 overseas stores (Taiwan 27, USA 5, China 11). Nitori has also achieved a 31-fold increase in e-commerce sales since 2007 to ¥22.6 billion (US$200 million) as its online shopping business grew rapidly in response to the needs of customers who want to research products on websites before purchasing, find it difficult to make the trip to the stores, or make online purchases outside store operating hours.

Nitori is renowned for its tight quality control, in which less than 1% of items sold are found to be defective, and its exceptionally reliable quality helps build trust and loyalty with customers. To achieve this monozukuri craftsmanship quality, Nitori hired former Honda engineering specialists, many of whom are in their 60s, and gave them an engineer's paradise. Theses engineers break chairs to see why they splinter, wash pillow covers with acid to see if their colors bleed, left light bulbs on for hours to see how hot they get.

IKEA and Nitori have very similar merchandise line-ups in terms of taste (simple, basic designs) and price range. However, their store management concepts are polar opposites. IKEA aims to create a furniture/HFA "Disney World" of sorts; its stores typically have a floor area of around 30,000m2 and a one-way control system, and they mainly offer DIY furniture, with additional costs for delivery and assembly. Nitori, on the other hand, focuses on convenience. Nitori's furniture ranges from Western-style to Japanese-style, catering to particular Japanese ways of life. They also cater to the full range of consumer needs from the merchandise angle, including rush cushions and matting for the summer, kotatsu under-heated tables for the winter. In short, IKEA operates massive stores for a shopping excursion, Nitori facilitates quicker, focused buying. We believe their customer bases are different or that, in many cases, customers use IKEA and Nitori for completely different shopping purposes.

IKEA's 'flat-pack' formula where shoppers transport their own purchases and assemble them at home may seem inconvenient to Japanese consumers accustomed to a more thorough level of service. Japan is also an increasingly ageing society. IKEA's delivery/ assembly/ installation charges are fairly high at around ¥10,000-15,000. Nitori, on the other hand, does not charge for these services, apart from certain locations, such as some outlying islands. Nitori provides full service and customer service facilities at its stores, so we think it retains the edge in all-round service, including price. Accordingly, we believe IKEA does not pose a threat to Nitori's efforts to grow market share.

L to R: Investment manager Richard Sim Zhipeng at Nitori Shinjuku; the flagship "N Cool" futon fabrics product, part of the new innovative functional products differentiated through the use of high-performance material to draw loyal customers to visit frequently; Nitori Studio Kitchen and Nitori Studio Bed highlighting the excitement of Nitori's proprietary high-quality products under the OTCM (One-House Total Coordination Merchandising) strategy

Nitori emphasises a hands-on approach out in the field and empowerment in relentless experimentation with ideas. Nitori has also stressed the importance of learning by organising annual learning trips to US for employees and implementing a comprehensive employee education and job rotation program. Nitori spends four to five times as much as the average listed company on staff development per employee. As a result, Nitori achieves about twice the labour productivity in its industry average, which has been a powerful enabler in supporting store expansion to achieve growth in sales and profit for 30 consecutive years.

We think this is very rare for an Asian company and Nitori deserves a valuation premium for its staying power and genuine potential to be one of the rare Asian company to reach the US$100 billion market cap milestone.

Our Divestments

As mentioned earlier, we have taken the opportunity to make some divestments over the period at a significant net absolute gain and our cash level is around 20% in late April/early May 2017.

These divestments include the tech stocks in our portfolio: e-Guardian Inc (TSE: 6050) +116% from our average investment cost, Vector Inc (TSE: 6058) +38.8%, Rozetta Corp (TSE: 6182) +74.3%. These portfolio stocks are unique with a focus in subscription-based business model that provides a strong foundation of recurring cashflow to reinvest into creating new categories of growth in innovative products and services and to expand globally.

Established in 1998 by Yasuhisa Takaya, E-Guardian is also known as the "Guardian or SECOM of the Internet". It monitors over 20 million items monthly with the purpose of ensuring a safe and secure Internet for their clients. It is the largest and most comprehensive net security company that monitors the web 24 hours a day, all year round in five domestic centres in Japan (Azabu, Tachikawa, Osaka, Miyazaki, Sendai) and three other international affiliation centres (China, Thailand, Philippines).

Amid heightened concerns over cyber security, especially considering the recent frequency of unfortunate incidents relating to the disclosure of personal information, a great importance has been placed on security and credit guarantees in the internet world, paving a long runway for the company. Equipped with its deep learning artificial intelligence software "ROKA SOLUTION", E-Guardian provides real-time "eyes" to their customers to screen for malicious comments via "E-TRIDENT", automatic sorting of content, analysing impermissible content such as pornography and detecting images of counterfeit goods. Evidence of wider industry acceptance for their critical services is shown in its increased business opportunities among social media companies, game developers, police agencies, and universities.

E-Guardian Inc. (TSE: 6050) Yasuhisa Takaya (CEO)	Initial purchase price : JPY563 Divestment price : JPY1322 % Gain : 134.8% Current market cap : US$160m
Quick Stats	
LTM Sales = +29.5% to US$40m LTM EBIT = +60.1% to US$6m GP Margin = 33.0% to 35.0% EBIT Margin = 13.0% to 16.1%	"Value": EV/EBIT = 22.9x "Quality": ROE = 31.0% to 36.8% Value-to-Quality (VQ) = 0.62x

Founded in 1993 by Keiji Nishie, Vector Inc. is the "professionals of digital product promotion" mainly engaged in public relations to help their clients communicate effectively with their target audience. It provides an integrated service including developing information and content matching the products and services of customers, the creation and delivery of press releases, the distribution of information for media companies, the result collection and report of shows. Vector has customers from all industries ranging from Fashion and Luxury, Consumer and Entertainment to Retail distribution, providing support to clients in planning and implementing various initiatives both locally in Japan and internationally.

Vector Inc. (TSE: 6058) Keiji Nishie (CEO)	Initial purchase price : JPY817 Divestment price : JPY1055 % Gain : 29.1% Current market cap : US$672m
Quick Stats	
LTM Sales = +38.2% to US$119m LTM EBIT = +38.5% to US$19m GP Margin = 60.7% to 59.1% EBIT Margin = 16.3% to 16.3%	"Value": EV/EBIT = 33.2x "Quality": ROE = 25.1% to 25.3% Value-to-Quality (VQ) = 1.31x

Founded in 2004 by Junichi Goishi, Rozetta offers high-precision, subscriber-based translation SaaS service "GLOVA", combining deep learning, intelligent language algorithms and next-generation artificial intelligence technology to eliminate ambiguous words with multiple interpretations. The algorithmic logic of their translation software is uniquely coded to improve both accuracy and expand its database over time, meaning it just gets better and better. It also owns a critical platform that brings translators together and does job matching with potential customers to boost demand and usage for its proprietary software. Rozetta has a broad customer base including Government ministries, information and communications, and financials, which demonstrates the current and upcoming demand for sensitive and intelligent translation accuracy. Even the Tokyo Institute of Technology utilises Rozetta's automatic translation machine to teach classes in English for specialised courses of graduate schools beginning FY2018, giving Rozetta software a big stamp of approval.

Rozetta Corporation (TSE: 6182) Junichi Gois (CEO)	Initial purchase price : JPY1308 Divestment price : JPY2100 % Gain : 60.6% Current market cap : US$154m
Quick Stats	
LTM Sales = +15.3% to US$17m LTM EBIT = +5.0% to US$2m GP Margin = 53.1% to 55.2% EBIT Margin = 13.0% to 11.8%	"Value": EV/EBIT = 72.8x "Quality": ROE = 16.6% to 10.4% Value-to-Quality (VQ) = 7.02x

We divested these tech companies as we believe their valuations had run ahead and we uncovered other opportunities with a superior risk-reward ratio. Interestingly, this led us to identify an attractive investment opportunity of overlooked and neglected listed small- to mid-cap Hidden Tech Champions with (1) healthy ROE & operating cashflow; (2) low gearing or net-cash balance sheet; (3) pricing power with healthy working capital dynamics. A number of small- to mid-cap Hidden Tech Champions are also trading at private equity-level valuations. There is potential for the targeted listed tech companies to be acquired by giant tech companies, limiting downside risks for investors and offering takeover premium in valuation re-rating.

As shared earlier, the emergent business development opportunity that arose in May 2017, due to the Fund's stock selection process and high-conviction portfolio methodology may provide us with our first institutional client mandate, reinforcing our goal to expand our unique investment solution in identifying Hidden Champions for investors. We will update more in due time.

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Investment in Public Markets

"Seek a calling. Even if you don't know what that means, seek it. If you're following your calling, the fatigue will be easier to bear, the disappointments will be fuel, the highs will be like nothing you've ever felt."

- Phil Knight, Shoe Dog

"The cowards never started and the weak died along the way. That leaves us, ladies and gentlemen. Us."

- Phil Knight, Shoe Dog

"To be a disciplined investor you have to be willing to stand by and watch other people make money on things that you passed on"

- Howard Marks

Extraordinary returns follow extraordinary discipline. However, this is very difficult because over the decade-plus as a fund manager learning from mentors and markets, I grew acutely aware that short-term performance pressures can be frustrating and subtracting to sustainable long-term results. Every investment approach, even if skilfully applied, will run into environments for which it is ill-suited.

Even the great Warren Buffett has lagged the market one out of every three years, in many cases this underperformance was significant. There have been ten separate episodes where Berkshire underperformed the index fund by more than 10% over a one-year period and many other periods of underperformance that lasted significantly longer. Through these difficult times, Buffett and Berkshire have remained committed to their core philosophy and investment process. This is very important. If you do not have a courage of your convictions and patience and toughness, you can't be an investor. Because you will constantly be driven to fall in line with the consensus by buying at the top and selling at the bottom. You have to be willing to not participate in everything that goes up, but only the things that fit your approach. As Howard Marks articulated, "to be a disciplined investor you have to be willing to stand by and watch while other people make money that you passed on."

In order to be able to stick with an approach or decision until it proves out, which can be a long time, investors have to be able to weather periods when the results are embarrassing. This can be very difficult.

As the CIO & CEO of the Hidden Champions Fund, cultivating and maintaining a culture that minimises emotional noise and short-term performance pressures has been a top priority, especially when we are concentrating and executing the shots and high-conviction decisions. I am heartened that we have demonstrated the ability and capacity to continuously identify and invest in the outstanding owner-operators of Hidden Champions that contribute positively to our Fund, and are likely to continue to outperform as we believe they have reached a tipping point stage in their corporate lifecycle, including Jeff Ellison of Australia's Sealink Travel; Yoshiyuki Okamoto of Japan's Okamoto Industries; Akio Nitori of Nitori Holdings; the husband-wife team Makrand and Rinku Appalwar of Emmbi Industries; the trio Guo Qiuli 郭秋麗, Chen Jianlong 陳建隆 and Lin Mengyi 林孟逸 of Nyquest Technology 九齊科技; Akio Kitamura of Giken; Satoshi Suzuki of Pola Orbis; Gota Morinaga & Toru Arai of Morinaga & Co; Yasuhisa Takaya of E-Guardian Inc; and Dinesh Nandwana of Vakrangee.

Shoe Dog by the mercurial Phil Knight has been inspiring as the Nike founder details the many terrifying risks he encountered along the way, the crushing setbacks, the countless doubters, and how he and his team never wavered from their vision, calling and commitment to craft and provide the best authentic sporting goods to their customers, throughout good and bad times with discipline, focus, intensity, conscientiousness, craftsmanship, sacrifice, resilience, care and love. These are the very qualities that we sought in our Hidden Champions – and, more importantly, in ourselves, for you cannot travel the Path until you have become the Path itself…

As we embark on our new Path in managing external client assets beyond the permanent capital provided by our parent 8I Holdings, we invite you to Just Monozukuri It with our Hidden Champions to find investment resilience in this wild world.

We are thankful to have your patience, trust and support in this journey while we work with deep intense focus. Please contact us with any questions, thoughts or comments at: kb@hiddenchampionsfund.com.

Kee Koon Boon
Chief Investment Officer & CEO
Hidden Champions Fund
8 Capital Pte Ltd

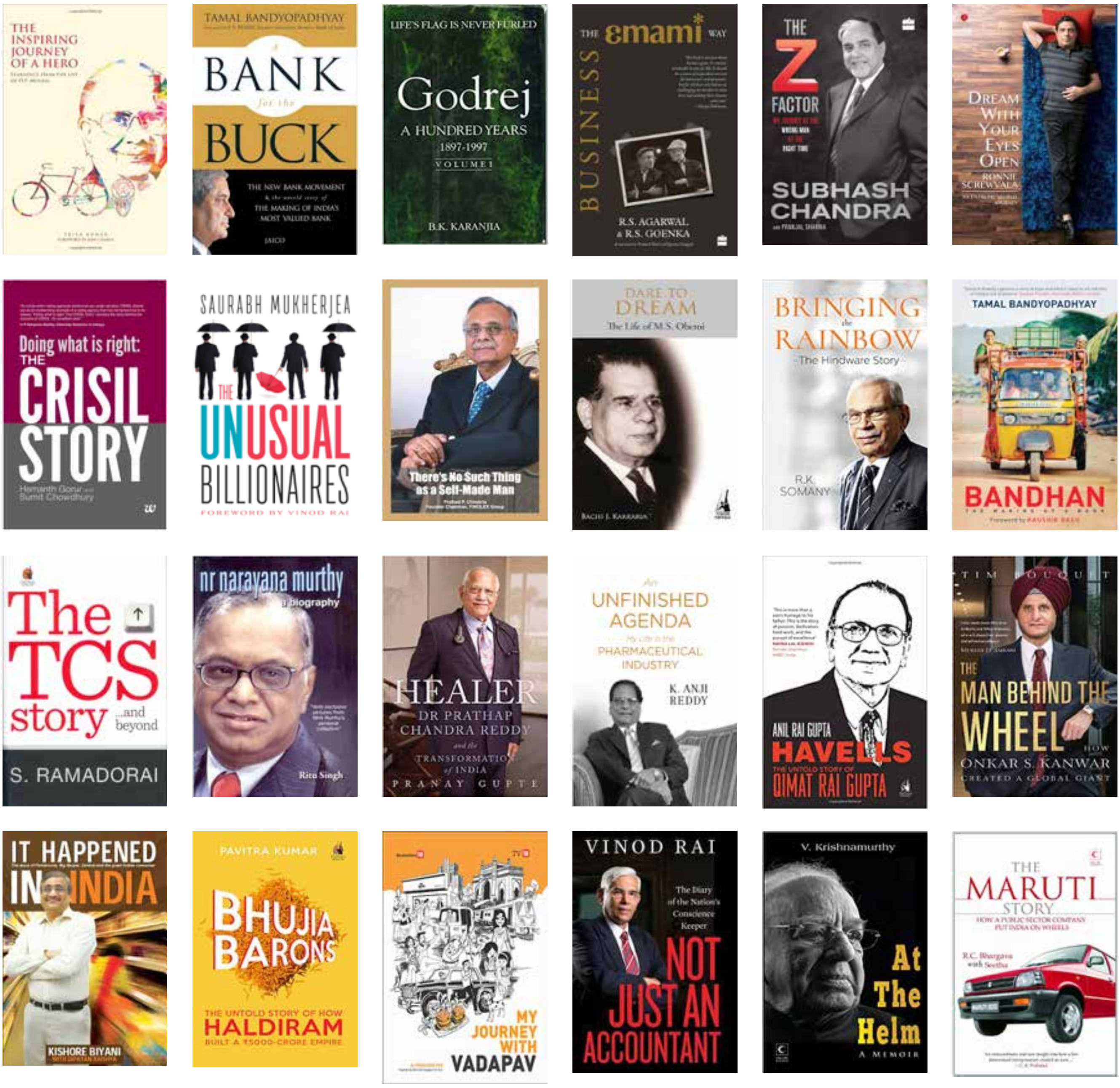
P.S. Below are our previous investment letters:

(1) Interim Letter FY2017 - The Insurgent Mission of Hidden Champions: Willingness to be Misunderstood and Travel Light to Journey Far;

(2) Annual Letter FY2016 – Hidden Champions: Our North Star Investment Strategy to Navigate Turbulent & Fragile Markets

(3) Interim FY2016 – Investing with Conviction to Outperform in Times of Volatility and Uncertainty

P.P.S. Beside is the summer reading list that we like to share with you:



Book list from TL to BR:

1. The Inspiring Journey of a Hero: Learnings from the Life of O.P. Munjal
2. A Bank for the Buck: The Story of HDFC Bank
3. Godrej: A Hundred Years
4. Business: The Emami Way
5. The Z Factor: My Journey as the Wrong Man at the Right Time
6. Dream with Your Eyes Open: An Entrepreneurial Journey
7. Doing what is right: The CRISIL Story
8. The Unusual Billionaires
9. There's No Such Thing as a Self Made Man
10. Dare to Dream: The Life of M.S.Oberoi (India S.)
11. Bringing the Rainbow: The Hindware Story
12. Bandhan: The Making of a Bank
13. The TCS Story...and Beyond
14. NR Narayana Murthy - A Biography
15. Healer: Dr. Prathap Chandra Reddy and the Transformation of India
16. An Unfinished Agenda: My Life in the Pharmaceuticals Industry
17. Havells: The Untold Story of Qimat Rai Gupta
18. The Man Behind the Wheel: How Onkar S. Kanwar Created a Global Giant
19. It Happened in India
20. Bhujia Barons: The Untold Story of How Haldiram Built a 5000 Crore Empire
21. My Journey with Vada Pav
22. Not Just an Accountant: The Diary of the Nations Conscience Keeper
23. At the Helm: A Maruti Memoir
24. The Maruti Story: How a Public Sector Company Put India on Wheel

Investment in Private Markets

Growth Champions

With hardwork, prudence and grit, we look forward to our fruits of labour.

Low Ming Li
Head of Investment in Private Markets

Investment in Private Markets

Dear Valuable Partners,

Our Investees

I would like to start off our team's year-end letter with an update on our portfolio of investees.

Our investees have been hard at work, growing their moat around their castle by building up the fundamentals of their businesses. Our team of investment managers and analysts have also been out in the field supporting our investees in areas where we can add value.

8 MAD Group Sdn Bhd ("8MAD")

Some of you may wonder why 8MAD named themselves "MAD". According to their co-founder, Patrick, the acronym M.A.D symbolises their ethos to Make A Difference in people, planet and profit. The adjective MAD also expresses enthusiasm and passion for the team, which encapsulates the energy of the 8MAD team.

It has been a mad (no pun intended) period for 8MAD since our acquisition in September 2016 (we acquired a 51% equity stake in 8MAD for MYR 430,000). In the area of providing integrated branding and marketing consultancy services, they have secured many new contracts that include leading brands, such as F&N Dairies amongst many others. We were extremely delighted when Carousell, a prominent mobile classifieds marketplace, appointed 8MAD as their branding and integrated marketing agency in Malaysia for 2017.

8MAD's recent accelerated growth is the result of a 12-year track record in delivering high Return of Investments to clients. Riding on this growth, the Company is scaling up its content creation and production aspects, for example: collaboration with experienced producers for high quality digital productions using virtual reality. With the increasing size of their team to support its growth, 8MAD has moved into a brand new space in April 2017. On top of the numerous work projects, it is also known to us that the team even has a new ritual to kick start each working day with an early morning team exercise. We are truly in awe of their energy level!

8MAD team in their new office space.

8MAD's Management Team: Crystal, Patrick & Sue (from left to right)

8MAD is keen to increase the depth of their creative working team in Malaysia and expand their geographical sales coverage via collaboration and/or acquisition. The Private Markets team thus plays a role in working closely with 8MAD to evaluate potential strategic partners to support their growth plans.

CT Hardware Sdn Bhd ("CTH")

CTH celebrates two milestones of different significance in 2017. This year marks both their 40th year of establishment as a traditional industry enterprise and the beginning of several strategic growth initiatives that will bolster their innovation, well supported by 8I's capital injection in May 2016 (we acquired a 49.99% equity stake in CTH for MYR 3.8M).

Opening Day at CTH's Fulfilment Centre & HQ in Glenmarie, Selangor

The Seen brothers pictured together in the CTH Fulfilment Centre & HQ with upgraded infrastructure for improved storage and inventory management system.

CTH was started by its first generation founder as a traditional hardware business where sales via retail and corporate customers were transacted through their five brick-and-mortar outlets in Selangor, Malaysia. In 2011, with family members from the second generation driving its strategic direction, CTH ventured into selling goods to customers via online channels through both their own website as well as third party market places.

With the steady growth of online sales, the management saw the opportunity of a new avenue to drive sales via a multi-channel strategy. Furthermore, CTH recognises the necessary adjustments

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to streamline their processes, particularly over their inventory management system. As such, with the support of 8I's capital injection, CTH has kick-started their development of their back-end enterprise IT system, and moved into their new fulfilment centre and headquarters earlier this year.

Whilst adapting to the new ways in conducting businesses, CTH also stays true to its founder's original vision of providing exceptional customer-focused experience.

The management is aware that the implementation of their growth plans and their impact to results will not be immediate. While the management works hard at executing their growth plans, we are heartened that they have not let down their guards in their topline growth. They continue to be active in rolling out initiatives such as road shows to boost sales and to increase awareness of the CTH brand. Looking at the comparable 12-month period since our acquisition in May 2016, CTH has seen a 15% growth in total sales and 9% growth in online sales.

Our team has been busy supporting CTH's management as follows:

(a) We keep ourselves updated with various technology developments that impact businesses such as CTH. In recent months, both our team and the management have met up with experts in robotic technology for inventory management and order fulfilment.

(b) Our investment analysts have dedicated numerous weeks to supporting the management to deep-dive into CTH's existing key business cycles, and making recommendations to improve manual processes that will potentially enhance CTH's bottom-line. This is also in line with the management's growth initiatives into streamlining their inventory management system. We believe this exercise is part of getting CTH well-positioned for their long-term growth.

Digital Marketing team based in CTH HQ.

CTH roadshows in various outlets to gain awareness and promote sales on its range of products & brands.

Velocity Property Group Limited ("Velocity")

A major milestone was achieved in February 2017 when Velocity was successfully listed on the Australian Securities Exchange ("ASX"). With proceeds raised from their recent IPO listing on ASX, the management have been active in looking for land acquisitions in Brisbane to add to their pipeline of projects. In May 2017, Velocity announced their acquisition for a riverfront site in Bulimba, its first land acquisition after being listed for three months.

We continue to be impressed and encouraged with the recent beautiful developments that Velocity has launched in Burleigh Heads, Palm Beach and Auchenflower. We are even more thrilled to learn that the development in Burleigh Headland has sold out at a price range of A$1.7M to A$2.9M per apartment, amongst the gloomy Australian property outlook reported in the mainstream media. The sales performance of the Burleigh Headland development did not come as a surprise to us, as we understand that Velocity focuses on high-quality projects designed in mind for affluent owner-occupiers and investors who, value the properties and lifestyle that exclusive communities can bring.

Unlike Singapore property developers where companies will progressively recognise profit of sold units during construction period, the accounting treatment in Australia is such that the developer can only recognise the profit on the sold units upon the settlement date (which is after construction period has ended). Therefore, many Australian property developers' financial performance will reflect lumpy rises and falls in annual profits depending on the period buyers settle on projects.

Velocity's development pipeline of five active projects will continue to provide a healthy portfolio of premium projects that will be delivered over the next two to three years. With this healthy pipeline, niche sales strategy, and the past track record, we remain confident of Velocity's growth.

As one of Velocity's growth strategies is to engage in strategic joint venture arrangements, we will continue to support them by linking them with potential co-development partners.

Philip Raff & Brendon Ansell ringing the bell in ASX on Velocity's listing day

ONE Burleigh Headland [Sold Out]

The Hathaway, Auchenflower

ONE Palm Beach

Digimatic Group Ltd ("DMC")

In March 2017, DMC made the decision to dispose Digimatic Solutions, a subsidiary that is in the space of providing platform solutions. Focusing on their core strengths in performance-based-marketing powered by Advertising Technology ("AdTech") and a creative production team, DMC believes that this is in the best interest of the shareholders.

Digimatic Media ("DMM"), the media and marketing arm of DMC, specialises in the provision of solutions via cost per lead or cost per acquisition digital marketing for its clients. Under the brand of Ace Profits Academy, DMM has also been providing wealth creation seminars and personal development workshops. Through Wewe Media, its mobile marketing arm that specialises in performance-based marketing and leads generation of mobile applications and websites, DMC is also focusing on building up its AdTech capabilities to enhance marketing performance through machine learning. This will be the growth driver that is expected to enable the front line marketing team to leverage on and maximise digital technologies in transforming businesses for their clients.

The creative content and production team of DMC, Digimatic Creatives ("DC"), has also been busy winning new contracts to provide virtual reality ("VR") and augmented reality ("AR") services to several prominent corporate organisations. In a bid to create awareness of the hidden capabilities of DMC, the team recently participated in Innovfest Unbound 2017 where they showcased their VR/AR offerings.

Ace Wealth Convention 2016

The DMM team at Ace Wealth Convention 2017

Intellink: Technology of Wewe Media

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Digimatic Creatives onsite for corporate shoot of Molex.

Digimatic Creatives participating in InnovFest Unbound 2017.

Nick Tan speaking to Minister for Communications and Information, Dr Yaacob Ibrahim, on Digimatic Creatives' VR / AR technology and applications.

DMC continues to be a disruptive innovator that rides on digital trends to transform digital advertising into a personal experience for consumers, with each of the above profit-making operating segments.

In addition to Clive being a non-executive Chairman on DMC's Board of Directors, our team continues to support DMC in identifying and connecting suitable business partners that will enhance their current service offerings.

Investment Decisions Driven by Capital Allocation

Based on our capital structure, 8I is akin to a closed fund with limited amount of funds. As such, our role is to deploy our shareholders' funds to whichever investment that brings the maximum returns. We are constantly faced with the decision of whether to deploy capital to issue dividends, to conduct share buy-backs, to acquire of new businesses and how to best recycle the capital via spin-offs and disposal of businesses.

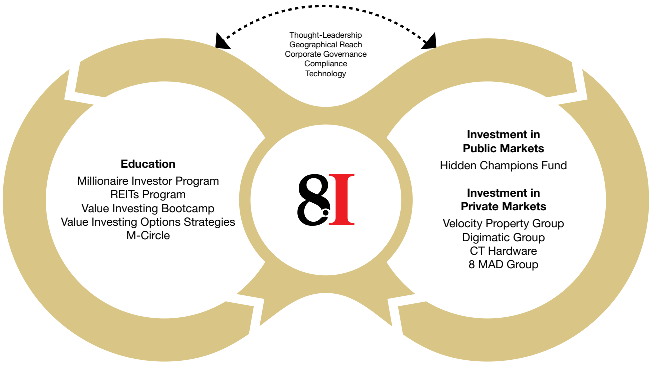
In this letter, our team will also share the rationale and strategies on the acquisition, spin-off and disposal of businesses.

Acquisition of New Businesses

We have broken down our rationale for acquisitions, at least for now, to invest in a company for the following reasons – (a) its synergistic effect to 8I's eco-system and; (b) our ability to be an incubator for growth companies.

(a) Synergistic Effect to 8I's Eco-System

We have been hard at work to acquire or collaborate with partners that have a synergistic impact to the unique eco-system that we built over the years. We believe that the right partner, for example a relevant financial technology provider, will enable 8I to scale our product offerings to a much larger platform.



"Unique business model that is driven by a synergistic interaction between education and investment segments"

(b) Incubator of Growth Companies

Our investment strategy is to provide growth capital to small and medium-sized companies within Asia. The team is neutral towards all industries but due to our circle of competence and knowledge domain, we generally favour companies related to the education industry. Our growth capital is typically used for an investees' later-stage development and expansion. Under special circumstances, we may also invest in earlier-stage businesses with huge growth potential and especially when there is a synergistic effect to 8I's eco-system (please see above "Synergistic Effect to 8I's Eco-System").

The lessons learnt from our earlier investments have helped to refine our investment selection criteria with a sensible and sustainable structure on how we plan to make our investment returns.

With the choice of potential investees, aside from the assessment based on the 3R model that we have shared before, there is a deeper appreciation to align on:

(a) how 8I can value-add as the right strategic investor; and

(b) realistic timeline and structure on when and how 8I is able to generate investment returns.

This can be done through a number of ways, such as a spin-off via IPO (please see below "Spin-off of Businesses"), an annual dividend policy or even a trade sale if it is deemed appropriate for both parties. We are always upfront with our expectations that 8I will need to recycle the capital for subsequent capital allocation.

Although our preference is to take major stakes in our investees' businesses and be the sole external investor, the team is keen and open to work with different structures. When co-investors are able to value-add to the investee in areas that we are limited, it allows all parties to increase the overall feasibility and margin of safety to the investment. We are also open to acquiring a smaller equity stake in companies when the right opportunity arises.

The team is constantly assessing potential investments and as shared before in our team's FY17 interim message, the nature of our work takes time. We would rather err on the safe side and be prudent until we find the next best investment, than rushing in to just any available opportunity. There is, however, no waste of resources when we had to give up/lose any potential investments, as we see it as a knowledge accumulation and building up of our emotional quotient "muscle" that will allow us to improve in assessing and winning over the next wonderful investee.

With hard work, prudence, and grit, we look forward to our fruits of labour for 8I, and will be pleased to announce any confirmed acquisition accordingly.

Spin-off of Businesses

When an investee has reached a stage where they are able to stand on their own two feet, and ready to tap into the capital market to finance their future growth plans, we believe a spin-off of the investee via IPO accomplishes several benefits such as:

(i) enabling 8I to partially monetise investment returns to recycle the capital for subsequent capital allocation;

(ii) allowing a clear segmentation between the various operating units within the Group where the nature of the business and their investment risks are distinct from each other;

(iii) allowing better alignment of incentives, where team members can be compensated more directly in their operating results.

However, unlike a traditional private equity fund with a restricted lifecycle which typically realises their investment returns through a full exit of their investees, we do not fully exit from our investment even after our investee companies have listed. We typically maintain a shareholding of around 5.0% to 10.0% in our investee companies post listing in order to continue our support as a shareholder and participate in the future growth of our investee companies.

On 15 May 2017, we announced the proposed listing of our Education business (8VIC). The spin-off will not only provide funding for 8VIC's expansion plan, it will also provide a clear distinction from 8IH's other core businesses, such as investments in public and private markets. The nature of investments is such that financial results can be lumpy where there will be years with varying levels of profits, and even losses, and may also be subjected to regulatory requirement.

Please be assured that our long-term intention is to retain controlling equity interest in 8VIC and we will continue to support them, particularly in potential acquisitions of complementary businesses in various countries. As 8I continues to hold a controlling interest in 8VIC, their financial results will continue to be consolidated and be reflected within the Group.

We are well-aware that there are challenges ahead with the expected investment returns. With the refinement to our investment strategy and strategic steps forward, we believe that 8I is on track in the years to come.

Disposal of Businesses

As much as we believe in all investees and would love to keep our active role and stake in every business that we have acquired, it is more of a win-win situation to adjust and align our strategies from time to time to maintain sustainability.

On 19 May 2017, we announced that the founders of Hemus Pacific Private Limited ("Hemus") will buy back 51% equity interest via a share swap with 8IH. Upon completion, Hemus will be able to grow at their own pace whereas 8IH will be able to focus on its refined strategy, which we believe will benefit shareholders in the long run.

The experience gained from this is that we have a deeper appreciation on our choice of investees (please see above "Incubator of growth companies").

Reflect, Refine and Improve

In the past year, 8I has embarked on a corporate exercise to realise our ambitions of scaling up our Company.

While ambitions remain, it is only realistic to adjust our corporate plans accordingly after gaining a greater clarity of our company's value proposition through intense due diligence with our professional consultants. We, however, remain driven in our course of work and will continue to work towards gaining further affirmation and strengthen our position as a diversified financial group.

* * * * * * * *

We would like to end off this letter with a quote from a trailblazer. He had a simple intention of producing affordable cars for the general public, at a time where car ownership was confined to the privileged few. He eventually achieved his goal after numerous failures and perseverance to overcome setbacks. Using the feedback gathered from those failures, he fine-tuned his design ideas and eventually revolutionised the automobile industry.

"Even a mistake may turn out to be the one thing necessary to a worthwhile achievement." - Henry Ford, founder of Ford Motor Company

Low Ming Li
Head of Investment in Private Markets

Education

Knowledge Champions

With the amalgamation of 8VIC, we will emerge stronger and better positioned to achieve our vision to be the Number 1 Global Value Investing Education Provider.

Pauline Teo
Chief Executive Officer of Education

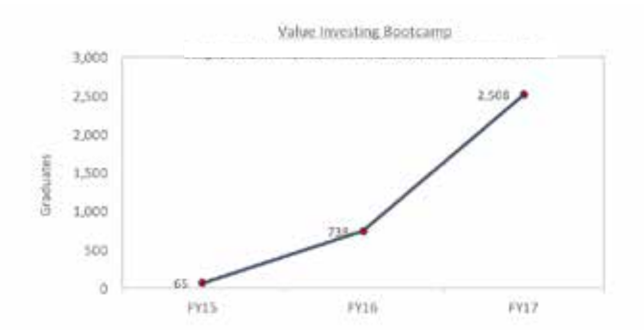
Education

Dear Valuable Partners,

Education - Bringing Value Investing Education Beyond Our Borders

Existing Programmes

The Education team continues to deliver extraordinary results, touching nearly 8,000 individual lives through our various programs. This translated to S$10,721,263 in revenue, and S$3,592,048 in profit. As of 31 March 2017, our flagship programmes Millionaire Investor Program ("MIP") saw a total attendance of 5,424 participants and the Value Investing Bootcamp ("VIB") was attended by 2,508 participants. The two flagship programmes were conducted in Singapore, Malaysia, Taiwan, Thailand, Myanmar, India, Vietnam, Dubai and China. This was all made possible with the collaboration across our offices in Singapore, Kuala Lumpur, and Shanghai.



Our existing REITs Program (Real Estate Investment Trusts Program) and M-Circle subscriptions have seen steady increases of participation and subscription rates, with 1,246 REITS Program graduates, and 1,557 M-Circle subscribers, up from 951 graduates and 1,245 subscribers respectively, compared to the year before.

**Figures include Singapore & Malaysia M-Circle members.*

In early 2017, we concluded our 6th annual Value Investing Summit ("VIS"). The two-day signature event, which took place in the Singapore Expo on 14th – 15th January 2017, was attended by over 1,200 attendees from across the Asia-Pacific, including Malaysia, Thailand, Indonesia, Philippines, China, Cambodia, and Australia. The VIS is a platform for serious value investors to network, share, be kept abreast on value investing ideas, and enhance their knowledge on key value investing concepts. It is the biggest gathering of value investors in Singapore, and the first large-scale value investing event in Asia since its inauguration in 2012. The keynote speaker for the 6th annual VIS was Ms Lauren Templeton, the Founder and President of Templeton & Phillips Capital Management, LLC, and the niece of the late Sir John Templeton, a billionaire investment guru and philanthropist. In addition to the insightful presentations and panel discussions with the experts, the VIS also featured the first annual Inter-Varsity Stock Research Challenge. The objective was to promote the study of value investing among tertiary students, and allow them to advance their analytical skills, and gain exposure and recognition in the community of value investors.


VIS Intervarsity Stock Research Challenge Teams

VIS Intervarsity Stock Research Challenge Winners

Education

Following the presentation of investment ideas from the final four teams of university undergraduates to a judging panel of professional investors, the Inter-Varsity Stock Research Challenge successfully concluded with the team of three undergraduates from Nanyang Technological University bagging the first prize of S$5,000 cash and a trophy. VIS will continue to promote the study of value investing and its ideologies, fostering research on 'hidden champions', empowering youths to cultivate critical thinking and make independent decisions.

As of March 2017, close to 600 tickets have already been sold for VIS 2018 (slated for 27-28 January 2018).

New Programmes

Other than increasing the participation rates of our existing programmes beyond Singapore, we launched new programmes and events over the course of the last financial year.

Successful launch of Inaugural Get Your Dollar Sense Program

In our efforts to extend beyond Singapore, we have successfully launched our inaugural Get Your Dollar Sense ("GYDS") Program in Kuala Lumpur. This is a two-day educational programme targeted at youths between the age of 16 to 25. To date, we have successfully conducted two sessions of GYDS in September and December 2016.

Get Your Dollar Sense (GYDS) Program (KL)

Successful launch of 觉悟智慧 in Shanghai

8IH China (Shanghai) Co Ltd successfully conducted 觉悟智慧 , a sharing session on the concept of value investing for participants in China. The three-day sharing session was conducted by well-known financial commentator and Warren Buffett expert, Zhou Guiyin (周贵银).The team plans to conduct three more runs of 觉悟智慧 in Shanghai. Other sharing sessions offered include 多维智慧, 般若智慧, and 传承智慧.

觉悟智慧 *(SH)*

New Initiatives

Release of Money Money Home (全家私房钱), a 13-part series

8I Holdings has also partnered with Astro Malaysia to produce Money Money Home (全家私房钱), a personal finance educational television series on Astro AEC Channel to promote financial management concepts and provide financial management tips to the public. Viewership for the first episode of Money Money Home reached approximately 124,000 viewers, surpassing Astro's AEC Channel average of 84,000. As of March 2017, six episodes have aired, with an average viewership rating of over 147,000 per episode (first telecast, episodes 1 to 6). This represents a rating of 75% more than Astro AEC Channel's average.

Money Money Home 全家私房钱

A New Beginning

Acquisition of Financial Joy Institute Pte Ltd

In June 2016, we acquired a 51% stake in Financial Joy Institute Pte Ltd ("FJI"), which provides financial and investment education through its main brand, Value Investing College ("VIC"). In March 2017, we completed the acquisition of FJI. With this corporate action, we are excited to announce that we have changed our name to 8VIC Global Pte Limited ("8VIC").

This name change will allow us to present ourselves as a global financial education provider. Along with this, we will be adapting our corporate identity to Value Investing College ("VIC"). VIC has conducted its flagship Value Investing Bootcamp (VIB) in Singapore, Malaysia, Taiwan, Thailand, Myanmar, India, Vietnam and Dubai with plans to further expand to South Africa, Philippines, Australia and Japan.

The 8VIC team

8VIC's very first collaboration - Investopia - was successfully launched in Kuala Lumpur on 1 April 2017. International speaker and best-selling author, Mary Buffett, lent her experience and expertise in the role of advisor and mentor as our anchor speaker at Investopia. Other speakers included Ken Chee, Executive Chairman of 8I Holdings, and Sean Seah, author and founder of Value Investing College. The inaugural collaborative event reached out to over 1,300 attendees.

Following the success of Investopia in Kuala Lumpur, we plan to launch an Asia tour of Investopia, spanning countries including Singapore, Thailand, and Taiwan.

Investopia (KL)

I believe with the amalgamation of the 8VIC team, we will emerge stronger and better positioned to achieve our vision to be the **Number 1 Global Value Investing Education Provider.**

Ms Pauline Teo
Chief Executive Officer of Education

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