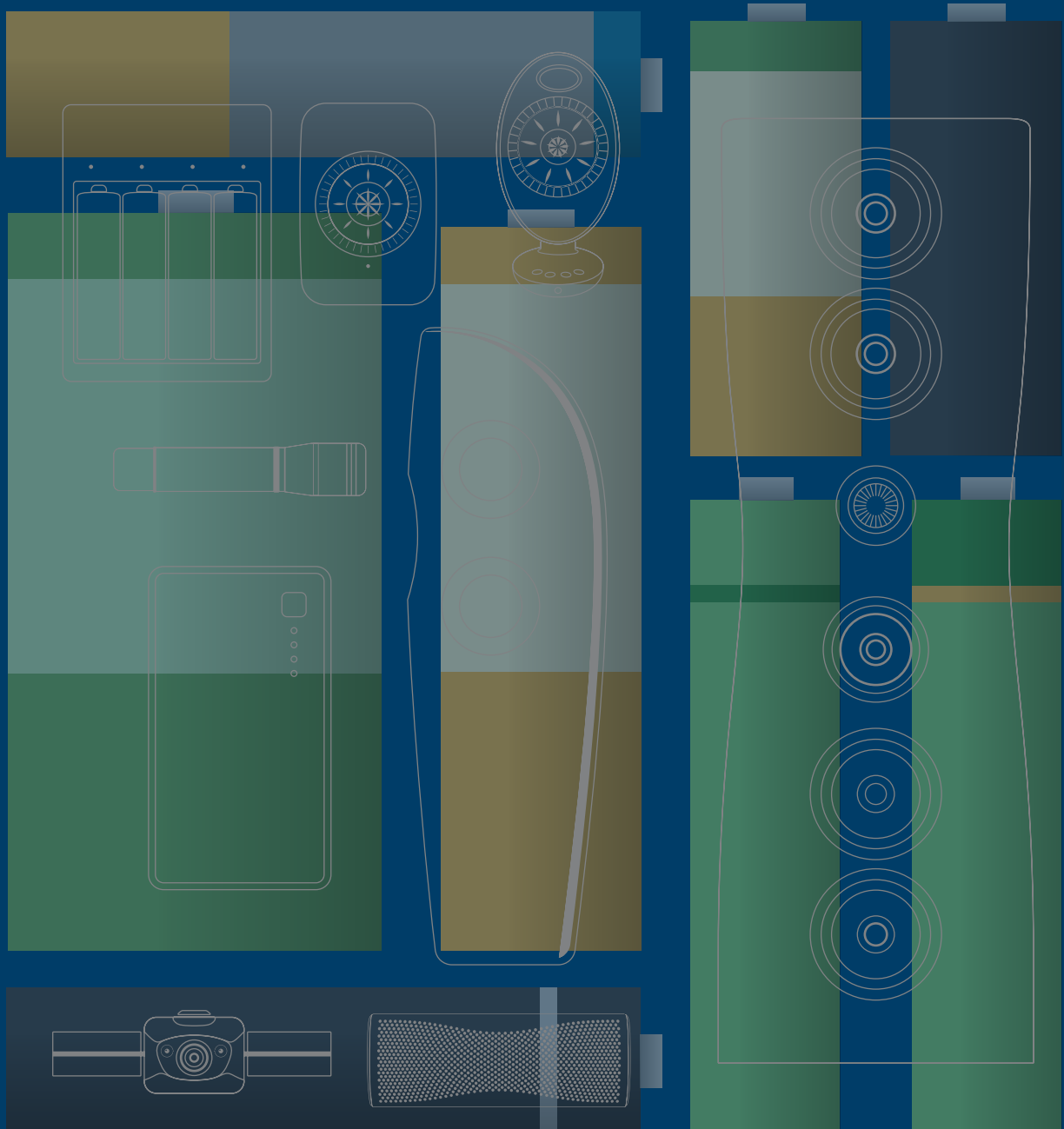




Financial Calendar

Announcement of First Quarter Results		10 August 2018
Announcement of Second Quarter Results		5 November 2018
Announcement of Third Quarter Results		1 February 2019
Announcement of Full Year Results		28 May 2019
Dispatch of Annual Report to Shareholders		15 July 2019
Annual General Meeting		30 July 2019
Dividends	Interim	Paid on 6 December 2018
	Final	Payable in August 2019

Content

Corporate Information	2
Group Profile	3
Financial Highlights	4
Five-Year Financial Summary	6
Chairman's Statement	8
Review of Operations	10
Board of Directors and Senior Management	20
Events and Achievements	24
Financial Reports	25
Corporate Governance Statement	135
Shareholdings Statistics	165

Corporate Information

Board of Directors

Executive

Victor LO Chung Wing
Chairman and Chief Executive Officer

Brian LI Yiu Cheung
Executive Vice President

LAM Hin Lap

Walterry LAW Wang Chak (appointed on 1 April 2019)
Chief Financial Officer and Chief Risk Officer

Andrew CHUANG Siu Leung (retired on 1 July 2018)
Chief Risk Officer

WONG Man Kit (retired on 1 April 2019)
Chief Financial Officer

Non-Executive Non-Independent

LEUNG Pak Chuen (re-designated on 1 January 2019)
Vice Chairman

Non-Executive Independent

LIM Ah Doo
Lead Independent Director

LIM Hock Beng

Allan CHOY Kam Wing

LIM Jiew Keng

GOH Boon Seong

Audit and Risk Committee

LIM Ah Doo
Chairman

LIM Hock Beng

Allan CHOY Kam Wing

LEUNG Pak Chuen (appointed on 1 January 2019)

Nominating Committee

LIM Hock Beng
Chairman

Victor LO Chung Wing

LEUNG Pak Chuen

LIM Ah Doo

Allan CHOY Kam Wing

LIM Jiew Keng

GOH Boon Seong

LAM Hin Lap (appointed on 1 January 2019)

Remuneration Committee

Allan CHOY Kam Wing
Chairman

LIM Ah Doo

LIM Hock Beng

LIM Jiew Keng

GOH Boon Seong

LEUNG Pak Chuen (appointed on 1 January 2019)

Company Secretaries

Victor LAI Kuan Loong

KIAR Lee Noi

Registered Address

3 Fusionopolis Link

#06-11 Nexus @one-north

Singapore 138543

Tel : (65) 6395 0850

Fax : (65) 6395 0860

E-mail: gpind@gp-industries.com

Website: www.gp-industries.com

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

Auditors

Deloitte & Touche LLP

6 Shenton Way

OUE Downtown 2 #33-00

Singapore 068809

Audit Partner-in-charge

LOI Chee Keong (appointed on 28 July 2017)

Principal Bankers

Oversea-Chinese Banking Corporation Limited

DBS Bank Ltd

United Overseas Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

Bank of China Limited

Solicitors

Allen & Gledhill LLP

One Marina Boulevard

#28-00

Singapore 018989

Group Profile



GP Industries Limited is an international manufacturing and marketing group in the batteries and electronics industries.

The Company has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") since 1995. It is the main industrial investment vehicle of Hong Kong-listed Gold Peak Industries (Holdings) Limited which currently owns an 85.55%* interest in the Company.

GP Batteries International Limited, a major wholly-owned subsidiary of GP Industries, is engaged in the development, manufacture and marketing of batteries and related products.

GP Industries is engaged in the development, manufacture and marketing of electronic and acoustic products as well as the manufacturing of automotive wire harness products.

The Group has a strong and extensive manufacturing and distribution network spanning over 10 countries, including a strong foothold in China. Excluding associates, the Group currently employs a work force of over 7,900 and occupies a total floor area of approximately 343,500 square metres.

* as at 12 June 2019

GP Batteries International Limited

- Primary specialty
- Primary cylindrical
- Rechargeable & others

Electronics & acoustics

Automotive wire harness and other industrial investments

Financial Highlights

Consolidated Income Statement (\$\$ million)

Year ended 31 March

	2019	2018
Revenue	1,167.1	1,099.7
Profit after taxation	46.0	35.4
Non-controlling interests	(16.8)	(12.2)
Profit attributable to equity holders	29.2	23.2
Basic earnings per share (cents)	6.02	4.79
Tax-exempt (1-tier) dividend per share (cents)	3.50	3.00

Consolidated Statement of Financial Position (\$\$ million)

As at 31 March

Shareholders' funds	368.5	376.7
Total equity	455.3	460.4
Total assets	1,242.2	1,168.8

Ratios

As at 31 March

Current assets : Current liabilities	1.15	1.02
Inventory turnover period (months)	1.87	1.99
Net bank borrowings : Total equity	0.55	0.53

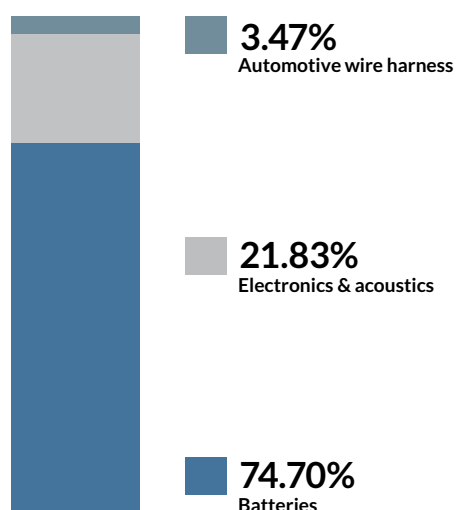
Other Information

As at 31 March

Number of employees (approx)		
- The Company and its subsidiaries	7,900	8,450
Total floor area (sq m) (approx)		
- The Company and its subsidiaries	343,500	352,200

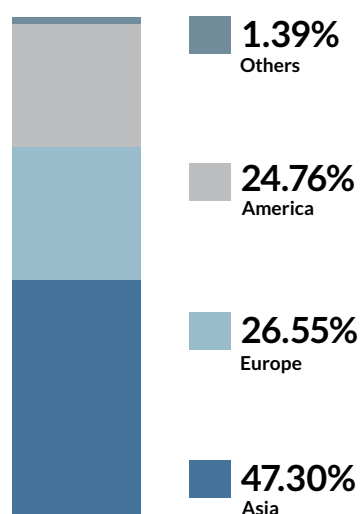
Revenue by Business Segments

Year ended 31 March 2019



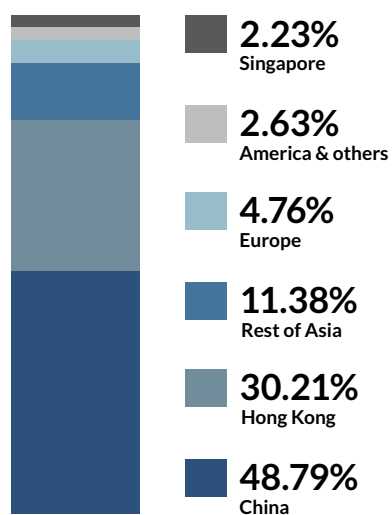
Revenue by Locations

Year ended 31 March 2019



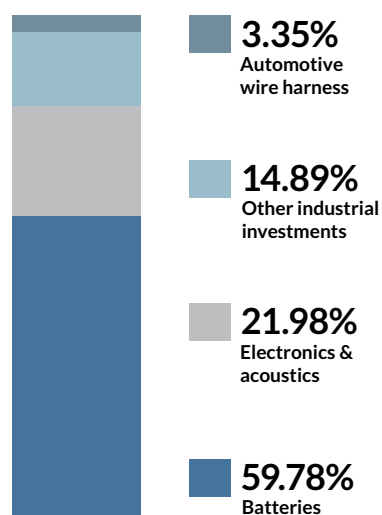
Assets by Locations

As at 31 March 2019



Contribution by Business Segments

Year ended 31 March 2019

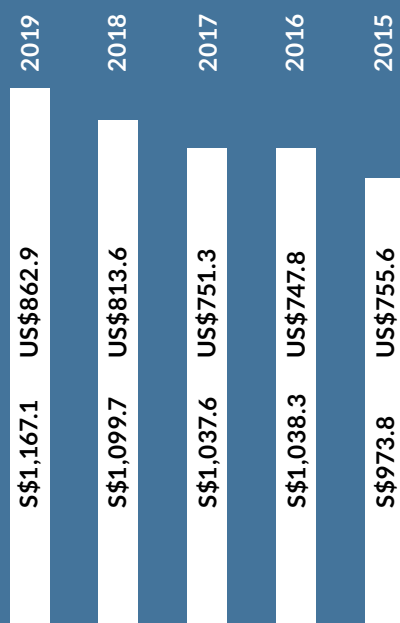


Five-Year Financial Summary

Consolidated Income Statement Year ended 31 March	2019 S\$'000	2018 S\$'000	2017 S\$'000	2016 S\$'000	2015 S\$'000
Revenue	1,167,142	1,099,704	1,037,596	1,038,335	973,770
Profit after taxation	46,028	35,459	31,439	37,314	43,673
Non-controlling interests	(16,871)	(12,233)	(12,779)	(14,478)	(18,201)
Profit attributable to equity holders	29,157	23,226	18,660	22,836	25,472
Consolidated Statement of Financial Position As at 31 March					
Investment properties	-	-	1,791	1,672	1,747
Property, plant and equipment	273,864	291,119	247,962	237,507	246,960
Interest in associates	251,568	244,589	247,725	226,787	229,206
Available-for-sale financial assets	3,665	9,783	6,291	5,777	5,699
Other non-current assets	1,451	1,627	6,063	3,648	705
Non-current receivables	-	-	-	-	158
Deferred tax assets	3,882	3,660	3,549	3,729	3,662
Intangible assets	13,165	16,913	18,542	17,960	15,053
Current assets	694,613	601,118	552,301	501,292	466,027
Total assets	1,242,208	1,168,809	1,084,224	998,372	969,217
Non-current liabilities	182,572	120,194	135,621	106,943	68,985
Current liabilities	604,338	588,258	443,567	389,356	364,679
Total liabilities	786,910	708,452	579,188	496,299	433,664
Net assets	455,298	460,357	505,036	502,073	535,553
Shareholders' funds	368,512	376,736	342,475	337,546	353,425
Non-controlling interests	86,786	83,621	162,561	164,527	182,128
Total equity	455,298	460,357	505,036	502,073	535,553

Revenue

Year ended 31 March (million)



Profit Attributable to Equity Holders

Year ended 31 March (million)



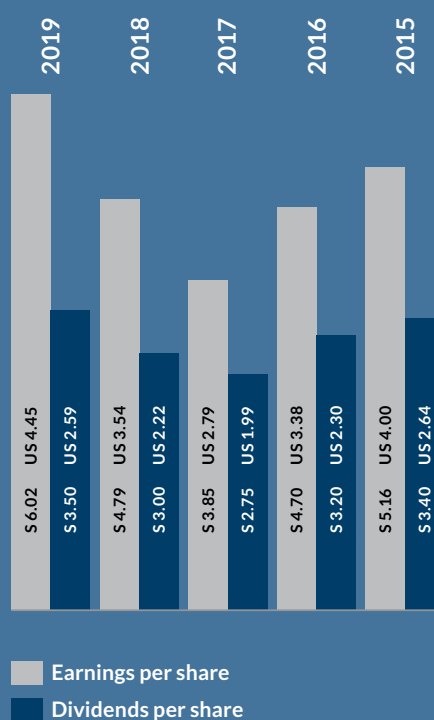
Total Assets

As at 31 March (million)



Earnings Per Share & Dividends Per Share

Year ended 31 March (cents)



Chairman's Statement



The trade dispute between the US and China combined with softening global markets made the financial year 2018-2019 most challenging. Volatility in currency exchange rates and raw material prices brought more uncertainties on business and profitability. The Group is actively diversifying its production bases, rationalizing its distribution network and strengthening its balance sheet in order to mitigate the risks which arise from this difficult market situation.

Results and Dividend

GP Industries' revenue for the financial year which ended on 31 March 2019 ("FY2019") was S\$1,167.1 million, representing an increase of 6.1% over the revenue reported for the financial year which ended on 31 March 2018 ("FY2018"). Both the Batteries Business and the Electronics and Acoustics Business reported revenue growth, while revenue of the Automotive Wire Harness Business recorded a decline.

GP Industries' gross profit increased by 13.6% from S\$256.8 million for FY2018 to S\$291.7 million for FY2019. The overall gross profit margin improved from 23.3% to 25.0%, mainly contributed by the combined effects of higher sales, new acoustics products introduced, softened prices for certain raw materials and a weaker Chinese Renminbi against the US dollar.

Other operating income decreased by 14.6% from S\$44.5 million for FY2018 to S\$38.0 million for FY2019. Other operating income for FY2019 included compensation for relocation of S\$17.2 million and a compensation income of S\$7.9 million for damages to certain plant and buildings, both of which were reported by the 70%-owned subsidiary, Zhongyin (Ningbo) Battery Co Ltd. In FY2018, other operating income included gain from disposal of property, plant and equipment of S\$28.5 million.

Distribution costs increased by 16.9% from S\$116.0 million for FY2018 to S\$135.6 million for FY2019. The increase was mainly attributable to a higher level of brand building activities, a higher cost from increased battery sales with DDP (Incoterm for Delivered Duty Paid) and a higher level of vendor managed inventory.

The strengthening of the US dollar against the Chinese Renminbi since the financial quarter ended 30 June

2018 contributed to a net exchange gain of S\$6.6 million for FY2019 while a net exchange loss of S\$11.4 million was recorded in FY2018.

GP Industries' profit after taxation attributable to equity holders increased by 25.5% to S\$29.2 million in FY2019 when compared to S\$23.2 million for FY2018.

The Board has recommended a final dividend of 2.25 Singapore cents per share. Together with the interim dividend of 1.25 Singapore cents, the total dividend per share for FY2019 was 3.50 Singapore cents, higher than the total dividend of 3.00 Singapore cents last year.

Business Highlights

Batteries

Revenue of the Batteries Business increased by 5.7% to S\$871.8 million in FY2019. Sales of primary batteries increased by 8.5% while sales of rechargeable batteries declined by 6.8% when compared to FY2018. Sales increased in Europe, Asia and the Americas by 12.5%, 3.6% and 2.8% respectively. Popularization of IoT applications boosted demand for battery products. A strong growth was also recorded for the private label business.

The battery industry has been consolidating during the year. A major Japanese brand was exiting the primary battery business and other leading brands were merging. To better prepare for a dynamic business environment ahead, GP Batteries is streamlining its international distribution network in order to be most effective in a fast changing market.

Electronics and Acoustics

Revenue of the Electronics and Acoustics Business grew by 10.8% in FY2019. Sales of electronics products increased by 12.1% while sales of acoustics products

grew by 9.4%. Sales of acoustics products increased by 20.9% in the American market, by 8.5% in the European markets and remained steady in the Asian markets. The newly launched KEF products, the LSX wireless music system and the R-series loudspeakers, were well received by the market. As wireless network enabled speakers continue to gain popularity, KEF's range of high-performance wireless music systems will gradually become one of the growth drivers for the brand.

Automotive Wire Harness

Sales of the Automotive Wire Harness Business declined by 9.5% in FY2019. With the trade dispute between the US and China and the softened Chinese economy, sales of passenger cars in China's domestic market decreased, which contributed to the decline in sales. However, sales to the US market increased despite the import tariff imposed on automotive components made in China. In FY2019, the Automotive Wire Harness Business made significant progress in manufacturing automotive wire harnesses for electric vehicles made in the US and in China.

Other Industrial Investments

This business segment includes the Group's investments in Meiloon Industrial Co., Ltd. ("Meiloon") and Linkz Industries Limited ("Linkz"). In FY2019, Linkz reported revenue growth but profit contribution decreased due partly to the profit shared by the non-controlling interests of a subsidiary which has been listed on the Stock Exchange of Hong Kong since February 2018, and partly to exchange losses and increase in finance cost in FY2019. Revenue of Meiloon decreased and contributed less profit in FY2019 than in FY2018.

Outlook

The trade dispute between the US and China casts significant uncertainties on business outlook. Volatility in currency exchange rates may also affect the Group's profitability. A weakened Chinese Renminbi and currencies of countries where the Group has significant manufacturing operations, against the US dollar, is generally favorable to the Group's export-oriented businesses. Volatility in certain raw material prices may have an impact on the Group's profitability as well. Weaker consumer spending is generally expected in most of the Group's major markets.

Based on the US import tariff scheme effective 10 May 2019 for products made in China, approximately 14% of the Group's businesses is subjected to the higher US import tariff. The Group is working closely with its customers on the best response to the higher import cost. The enlarged tariff scheme being proposed covering all China-made products exported to the US, if implemented, will affect more of the Group's businesses.

To minimize the impact of the higher US import tariff for China-made products, the Group is rapidly increasing the capacity of its manufacturing facilities in Malaysia and Vietnam as well as exploring other manufacturing opportunities outside China to lower the overall exposure.

At the general meeting held on 7 September 2018, members of the Company approved the disposal of certain land and buildings in Huizhou, China by GP Electronics (Huizhou) Co., Ltd., a wholly-owned subsidiary of the Company. Part of the Disposal Consideration and Compensation (as defined in the circular dated 23 August 2018) was received by the Group during FY2019, and certain balances were still outstanding as at 31 March 2019. On 27 May 2019, the Group has received the remaining balance of the Disposal Consideration and Compensation and the disposal was completed on 5 June 2019.

The Group will continue its long-term strategy to invest into the development of its brands and global distribution network. Priority is placed on the development of the e-commerce and e-distribution capabilities of the Group, following the rapid growth of on-line retail. The Group will also continue with its investment in new technologies, product innovation and further automation of its manufacturing operation to enhance productivity and product quality to best prepare for market challenges in the coming years.

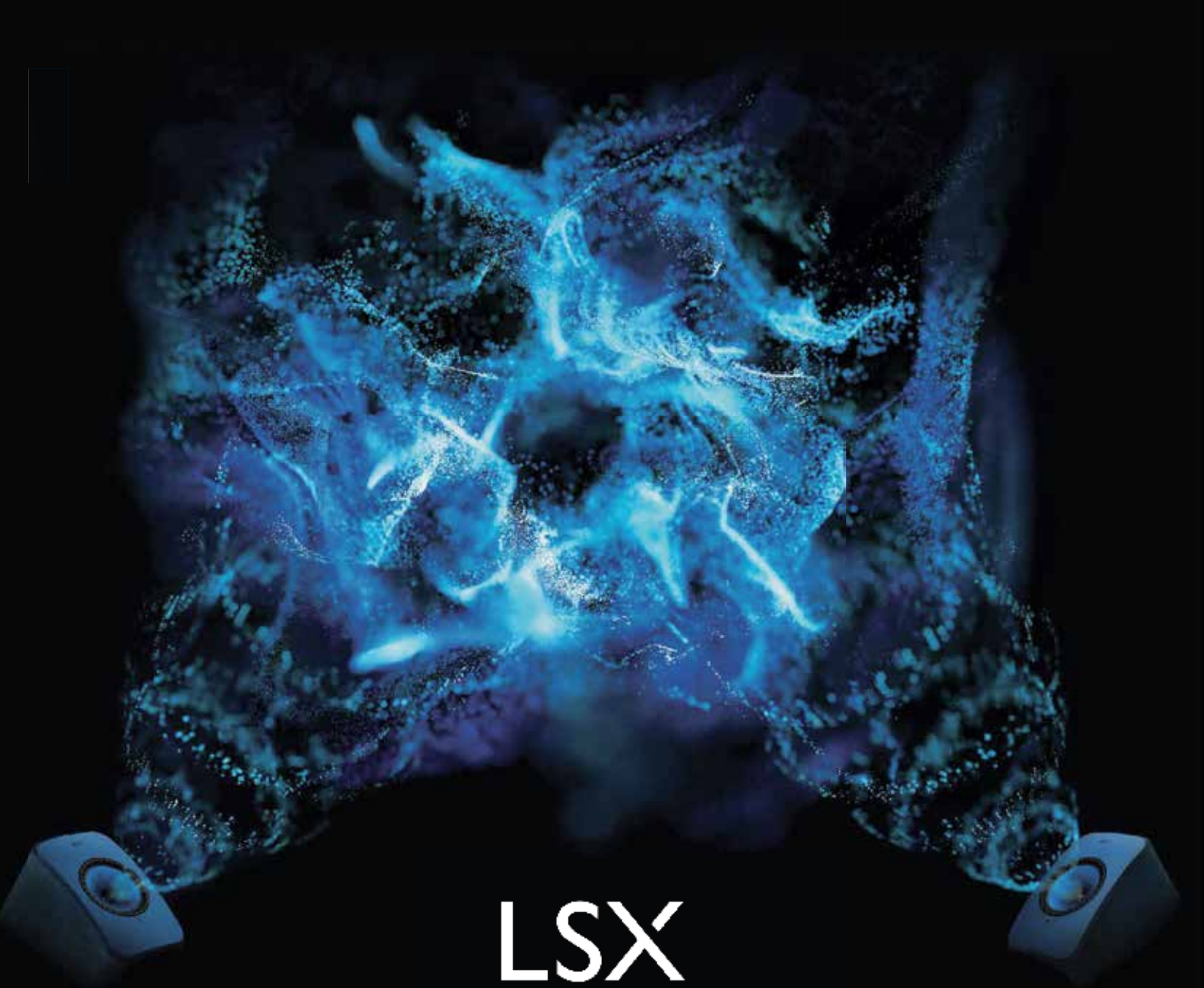
Vote of thanks

On behalf of the Board, I would like to express my gratitude to our staff members, our management team and my fellow directors for their dedication and effort made during the year. I also thank our shareholders, customers, suppliers and partners for their continuous support.

Last but not the least, I would like to extend our special thanks to Mr Leung Pak Chuen, Dr Andrew Chuang Siu Leung and Mr Wong Man Kit who retired as Executive Directors during FY2019 and up to the date of this report, after committing their services to the Group for decades.



Victor LO Chung Wing
Chairman and Chief Executive Officer
12 June 2019



LSX

GIVE YOUR MUSIC THE SPACE IT DESERVES



Design by Michael Young | Fabric by Kvadrat

KEF.COM

AirPlay 2 | Spotify Connect | TIDAL | Qplay | Roon | Bluetooth

KEF

Review of Operations

The Group's revenue for the financial year ended on 31 March 2019 ("FY2019") was S\$1,167.1 million, an increase of 6.1% over the revenue reported for the previous financial year ended on 31 March 2018 ("FY2018"). Both the Batteries Business and the Electronics and Acoustics Business reported revenue growth during FY2019.

Gross profit margin improved from 23.3% for FY2018 to 25.0% for FY2019, mainly from higher sales, new product introduction, softening prices for some raw materials and a weakened Chinese Renminbi.

Profit after taxation attributable to equity holders increased by 25.5% from S\$23.2 million for FY2018 to S\$29.2 million for FY2019.

Impact of the US-China Trade Dispute on the Group's Business in FY2019

The additional import tariff implemented by the US on products made in China since 10 May 2019 affected approximately 14% of the Group's revenue if it was annualised to a full financial year. Products affected include batteries, professional audio products and automotive wire harness.

The management is in close contact with customers affected to work out the best way to handle the added import costs. We are rapidly increasing production capacity in our factories in Malaysia and Vietnam to take up more of the output that serves our US export businesses. The management is also actively exploring cooperation opportunities with potential partners to expand the Group's production outside China in order to minimize the impact on our US businesses.

Batteries Business

The revenue of the Batteries Business for FY2019 was S\$871.8 million, a 5.7% increase over the S\$824.9 million reported in FY2018.

Sales of primary batteries increased, supported by the rapid expansion of manufacturing facilities in Malaysia which is now in full operation. This is the Group's manufacturing centre for Alkaline 9 Volt batteries and is making significant contribution to the Group's revenue and profitability. Zhongyin (Ningbo) Battery Co., Ltd ("ZYNB"), the Group's 70%-owned subsidiary in Ningbo, China and also the manufacturing centre for cylindrical Alkaline batteries, was also expanded in FY2019.

The market for rechargeable batteries remained very competitive. Despite the drop in revenue, gross profit margin improved. Sales of Nickel Metal Hydride rechargeable batteries declined due mainly to the decrease in lower margin businesses. Improvement on price management and selection of good quality businesses contributed to the growth of margin. Sales and margin of Lithium Ion rechargeable batteries increased. Miniature Lithium Ion rechargeable batteries, custom-designed for wearable electronic and IoT devices, have been growing steadily in a promising market.





During FY2019, ZYNB reported a compensation income for factory relocation of S\$17.2 million and for damages to some of its plant and buildings of S\$7.9 million. This compensation is related to a small parcel of land within its existing industrial site which was affected by a residential project nearby. Construction work for the new ZYNB factory complex is ongoing and ZYNB has not disposed of its existing industrial site yet. The capital expenditure incurred by ZYNB has been substantially funded by its internal resources.

Foreign currency exchange gain in FY2019, compared to a loss in FY2018, partially contributed to profit contribution increase from the Batteries Business by 70.3% year on year to S\$33.4 million.

Electronics and Acoustics Business

The revenue of the Electronics and Acoustics Business for FY2019 was S\$254.8 million, a 10.8% increase over the S\$229.9 million reported in FY2018.

Sales of electronics products increased despite the stagnant global professional audio market. During FY2019, GP Electronics (Huizhou) Co., Ltd. ("GPEHZ"), the manufacturing company of the Electronics and Acoustics Business, entered into an agreement to dispose of its land and factory building in Huizhou, China. The disposal was completed on 5 June 2019. According to the disposal agreement, GPEHZ has the right to continue using the property for up to five years after completion of the disposal. We are now working on a plan to set up a new factory in Huizhou and to develop another factory outside China.

In FY2019, GP Electronics (Hong Kong) Limited ("GPE"), the wholly-owned subsidiary responsible for the electronics manufacturing business, received an award from one of its key customers for outstanding supply and quality performance, the fifth year in a row. GPE also started marketing its own product platforms to its customers in the professional audio business with good success. We expect sales based on these new product platforms will start contributing to the electronic manufacturing business in the financial year 2019-2020.

Sales of acoustics products increased. The new KEF LSX wireless music system and the new R-series premium loudspeaker system launched during the second half of FY2019 were very well received by the market and scooped a number of awards from prestigious



music and gadget magazines. With the launch of the LS50W and the LSX products, KEF is establishing a leading position in the global high-performance wireless music systems market. Celestion's professional speaker driver business continued to perform well in FY2019 despite the sluggish professional audio market. Celestion continues to win design-in contracts from global leading professional audio brands for key product ranges.

The associated companies which manufacture metallic products and electronic components continued to perform well and contributed more profit in aggregate despite the competitive business environment.

Total profit contribution from the Electronics and Acoustics Business increased by 23.0% from S\$10.0 million in FY2018 to S\$12.3 million in FY2019.

Automotive Wire Harness Business

The revenue of the Automotive Wire Harness Business for FY2019 was S\$40.6 million, a 9.5% decline from the S\$44.8 million reported in FY2018, primarily from a lower demand from the Chinese domestic market.

Sales to the US market increased, due mainly to the demand for new products, despite the higher import tariff imposed on automotive parts made in China. Sales in the domestic Chinese market declined, mainly from the decrease in passenger car sales after a prolonged period of sales growth.

In FY2019, the Automotive Wire Harness Business made significant inroads in extending its product portfolio to include automotive air conditioning harnesses and wire harnesses for electric vehicles in China and in the US market. As product design cycle in the automotive industry generally takes a number of years, the contribution from such product extensions will only be realized a few years later.

Total profit contribution from the Automotive Wire Harness Business decreased by 52.8% from S\$4.0 million in FY2018 to S\$1.9 million in FY2019.





Explore your wild side



XPLOR

Explore every angle with the new GP XPLOR Headlamp PHR15, whose intelligent distance sensor automatically turns up the brightness when you're looking ahead and dials it down up close. Recharge it again and again via USB for a companion that's always ready to go.

Explore more at www.gpbatteries.com



New GP XPLOR Headlamp PHR15



Other Industrial Investments

This business segment includes the Group's investments in Linkz Industries Limited ("Linkz") and Meiloon Industrial Co., Ltd ("Meiloon").

In FY2019, Linkz reported revenue growth despite a more volatile market in the second half of the year. Profit contribution from Linkz decreased due partly to the profit shared by the non-controlling interests of a subsidiary which has been listed on the Stock Exchange of Hong Kong since February 2018, and partly to exchange losses and increase in finance cost.

Revenue of Meiloon decreased and contributed less profit before taxation due mainly to a decrease in sales and gross profit margin, which was adversely affected by volatile exchange rates and fluctuating raw material prices.

Profit contribution from this segment decreased by 42.2% to S\$8.3 million.

Outlook

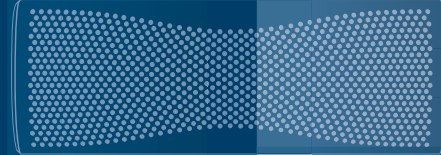
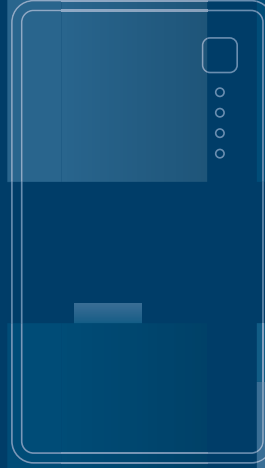
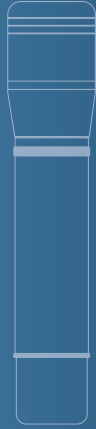
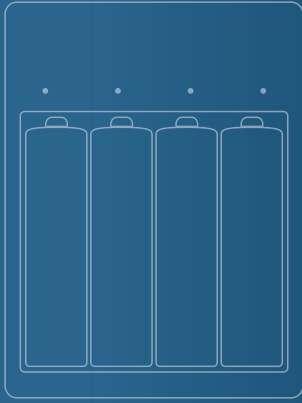
The trade dispute between the US and China casts significant uncertainties on business outlook. To minimize the impacts of the US import tariff, we are transferring more production for the US market to our manufacturing centres in Malaysia and Vietnam as well as working with overseas partners on cooperation opportunities to manufacture more products intended for the US market outside China.

The management remains committed to the Group's long-term development strategy of further improving the Group's efficiency and competitiveness in order to best prepare for the uncertainties ahead. We will continue to invest in new technologies, new product development, further automation of our operations and to build the Group's brands and distribution networks in key global markets.



Brian LI Yiu Cheung
Executive Vice President
12 June 2019

The Four Pillars of Development

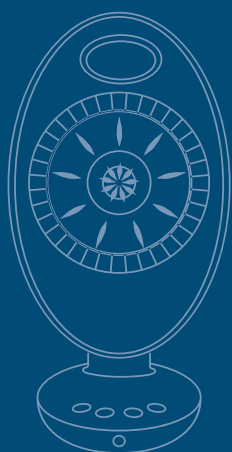


1 Building Brands

We continue to reinforce our brand positioning to raise awareness, drive preference and ultimately create brand advocates.

2 Building Customers

We aim to attract loyal customers with outstanding value supported by quality, reliability, safety, and superior customer service.



3 Building Channels

From OEM to e-commerce, we drive multinational sales by developing multiple channels and platforms in various market sectors and regions.

4 Building Teams

We built our success on teamwork so we welcome new competencies while valuing the experienced.

Board of Directors and Senior Management

Executive Directors



Victor LO Chung Wing

Aged 69, appointed the Chairman and an Executive Director since 18 October 1995. He was appointed a member of the Nominating Committee on 28 August 2002 and Chief Executive Officer on 3 Feb 2016.

Mr Lo is also the Chairman and Chief Executive of Hong Kong-listed Gold Peak Industries (Holdings) Limited and the Chairman and Chief Executive Officer of GP Batteries International Limited.

Mr Lo is a member of the board of directors of Hong Kong Design Centre. He is the chairman of M Plus Museum Limited under the West Kowloon Cultural District Authority of Hong Kong. He is a director of PMQ Management Company Ltd, a non-profit-making organization for the promotion of creative industries in Hong Kong. He is also the court chairman of The Hong Kong Polytechnic University. In addition, he is the chairman of board of directors of Hotel ICON Limited, which is the teaching and research hotel under The Hong Kong Polytechnic University.

Mr Lo graduated from Institute of Design of Illinois Institute of Technology, US with a Bachelor of Science degree in Product Design. He also holds an Honorary Doctorate from The Hong Kong Polytechnic University. He is the father of Ms Grace LO Kit Yee.



Brian LI Yiu Cheung

Aged 66, appointed an Executive Director since 18 October 1995. He is currently the Executive Vice President of the Company.

Dr Li is also an Executive Director and Executive Vice President of Gold Peak Industries (Holdings) Limited.

Dr Li has been engaging in the electronic engineering and manufacturing industry internationally and in China for over 30 years. He is the vice chairman of the Hong Kong Electronic Industries Association, a council member of the Hong Kong Electronics Industry Council and a member of the Innovation and Technology Development Committee of the Federation of Hong Kong Industries.

Dr Li currently serves as the chairman of the Advisory Committee for the Department of Electronic Engineering and a member of the Co-operative Education Centre of City University of Hong Kong. He is also a member of the Industrial Advisory Committee for the Department of Industrial Engineering and Decision Analytics of The Hong Kong University of Science and Technology, a member of the Advisory Committee for the Department of Electronic Engineering of The Chinese University of Hong Kong and a member of the Electronic and Information Engineering Programme Board of Hong Kong Institute of Vocational Education.

Dr Li is a fellow of The Hong Kong Institution of Engineers. He holds a Bachelor's degree in Electrical Engineering from The University of British Columbia, Canada, a Master's degree in Global Business with Dean's Honour from The Chinese University of Hong Kong and a Doctor of Business Administration degree from City University of Hong Kong.



LAM Hin Lap

Aged 58, appointed an Executive Director since 1 October 2016. He is currently the Group General Manager, Business Development as well as Assistant to Chairman of the Company.

Mr Lam is also the Executive Director and Group General Manager of Gold Peak Industries (Holdings) Limited. In addition, he is a Director of GP Batteries International Limited.

Mr Lam first joined Gold Peak Group in 2001, and was transferred to a global energy management group following the disposal of the Group's electrical business in 2007. He re-joined the Group in 2014. He has held senior management positions for over 15 years.

Mr Lam holds a Bachelor's degree in Electrical Engineering from The University of New South Wales, Australia.



Waltery LAW Wang Chak

Aged 56, appointed an Executive Director since 1 April 2019. He is currently the Chief Financial Officer, Chief Risk Officer and Senior Vice President, Finance and Corporate Development of the Company.

Mr Law is also the Senior Vice President, Group Finance Management of Gold Peak Industries (Holdings) Limited.

Mr Law has over 30 years of experience in financial audit, financial due diligence reviews, accounting, mergers and acquisitions, corporate finance advisory and global funds raising exercises.

Mr Law is a fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is currently registered as a certified public accountant with the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor's degree in Economics and a Master's degree in Financial Economics, both from the London School of Economics and Political Science, the University of London, UK.

Non-Executive Non-Independent Director



LEUNG Pak Chuen

Aged 69, has been an Executive Director of the Company since 1995 and following his retirement from 1 January 2019, he has been re-designated as a Non-Executive Non-Independent Director and Non-Executive Vice Chairman of the Company as well as Gold Peak Industries (Holdings) Limited. He has also been re-designated as a Non-Executive Director of GP Batteries International Limited from 18 February 2019.

Mr Leung has been in the electronics manufacturing industry for over 45 years and has played an important role in setting up major joint ventures in China in mid 1980s.

Mr Leung is a member of The Chartered Institute of Marketing, UK and The International Institute of Management. He graduated from Chu Hai College, Hong Kong with a Bachelor's degree in Business Administration.

Non-Executive Independent Directors



LIM Ah Doo

Aged 70, appointed a Non-Executive Independent Director since 15 May 1997 and the Lead Independent Director since 14 August 2013. He has been Chairman of the Audit and Risk Committee since 2 January 1998 and was appointed a member of both the Nominating and Remuneration Committees on 28 August 2002.

Mr Lim is currently the independent and non-executive chairman of Olam International Limited and an independent director of GDS Holdings Limited and Singapore Technologies Engineering Ltd and serves on some of the board committees of these companies. He is also a director of STT GDC Pte Ltd., STT Global Data Centres India Private Limited and U Mobile Sdn. Bhd. Mr Lim was previously president and vice chairman of the RGE Group and among other past directorships, an independent director of EDB Investments Pte. Ltd. as well as chairman of its audit committee. Prior to that, he held various senior positions in an international investment banking group and was chairman of a leading regional investment bank based in Singapore from 1993 to 1995. He was chairman of the Singapore Merchant Bankers' Association in 1994. He was an independent director of Sembcorp Marine Limited since 2008 to April 2018 and ARA Trust Management (Cache) Limited (formerly known as ARA-CWT Trust Management (Cache) Limited) since 2010 to November 2018.

Mr Lim graduated from Queen Mary College of University of London, UK with a Bachelor of Science degree in Engineering and holds an MBA degree from Cranfield School of Management, UK.

Board of Directors and Senior Management (cont'd)

Non-Executive Independent Directors (cont'd)



LIM Hock Beng

Aged 79, appointed a Non-Executive Independent Director since 2 January 1998. He was appointed the Chairman of the Nominating Committee and a member of the Remuneration Committee on 28 August 2002. He has also been a member of the Audit and Risk Committee since 2 January 1998.

Mr Lim is also an independent director of Colex Holdings Limited and Huan Hsin Holdings Ltd. and he serves on various board committees of these companies. Mr Lim has more than 30 years of experience and knowledge in corporate secretarial field. He founded Lim Associates (Pte) Ltd. (now known as Boardroom Corporate & Advisory Services Pte. Ltd.) and was its managing director until his retirement in 1995. Currently, Mr Lim is the managing director of a private investment holding company with its principal interests in investing in quoted securities and properties. He was an independent director of TA Corporation since 2011 to April 2018 and King Wan Corporation since 2001 to November 2018.

Mr Lim holds a Diploma in Management Accounting and Finance and is a fellow member of the Singapore Institute of Directors.



Allan CHOY Kam Wing

Aged 75, appointed a Non-Executive Independent Director since 1 October 2012 and was appointed a member of the Audit and Risk, Nominating and Remuneration Committees on the same date. Mr Choy was appointed Chairman of the Remuneration Committee on 31 July 2013.

Mr Choy has more than 45 years' experience in the electronics and battery industries. He was an Executive Director of the Company from 1997 to 1998, and Chief Operating Officer of GP Batteries International Limited from 2005 to 2007 and its Non-Executive Independent Director from 2011 to January 2018. Mr Choy had held senior management positions in multinational corporations including regional (Asia Pacific) chief executive officer of Varta Batteries Germany and regional (Asia Pacific) chief executive officer of BCComponents International B.V. (formerly known as Philips Passive Components).

Mr Choy holds a Diploma in Management Studies from The University of Hong Kong and an MBA degree from the University of Macau.



LIM Jiew Keng

Aged 79, appointed a Non-Executive Independent Director since 1 January 2018. He was appointed a member of both the Nominating Committee and Remuneration Committee on the same date.

Mr Lim has had extensive experience in the financial and banking industry, having worked during the 1970s and 1980s in senior management positions in Chase Manhattan Bank, Singapore, Chase Investment Bank (S) Pte Ltd and Banque Paribas Singapore. He had been an advisor to Vickers Ballas Holdings Ltd for 5 years in the mid-1990s. Over a span of 26 years, he had been an independent non-executive director of several SGX-listed companies. Mr Lim is currently a senior banking and financial consultant and director of BSL Consultants Pte Ltd.

Mr Lim holds a Bachelor of Social Science (Honours) degree in Economics from National University of Singapore (formerly University of Singapore), a Certificate in Education from National Institute of Education (formerly Teachers' Training College), Singapore and completed an Advanced Management Programme at Fuqua School of Business of Duke University, US. Mr Lim has been a member of the Singapore Institute of Directors since 2002.



GOH Boon Seong

Aged 65, appointed a Non-Executive Independent Director since 1 January 2018. He was appointed a member of both the Nominating Committee and Remuneration Committee on the same date.

Mr Goh has over 35 years of management experience in the private sector and is currently the group chief executive officer of WhiteRock Incorporation Private Limited and WhiteRock Medical Company Pte Ltd. Prior to this, Mr Goh held various senior positions within the Singapore Technologies Group in the areas of corporate development, investment and finance. He also served Morgan Grenfell, PrimeEast Group and Merrill Lynch holding senior management positions. He was the Non-Executive Independent Director of GP Batteries International Limited from 2012 to January 2018 and Boustead Singapore Limited from 2012 to June 2018.

Mr Goh graduated from National University of Singapore (formerly University of Singapore) with a Bachelor of Business Administration degree.

Senior Management

Ricky CHEUNG Siu Bun

Joined Gold Peak Group in 1993 and is currently the General Manager of the Company. He is a fellow member of the Institute of Singapore Chartered Accountants and a member of the Chartered Secretaries Institute of Singapore. He holds an MBA degree from Nanyang Technological University, Singapore.

Victor CHONG Toong Ying

Joined Gold Peak Group in 2016 and is currently Joint Chief Operating Officer and Head of Rechargeable Products of GP Batteries International Limited. He has more than 25 years' working experience in electrical energy management, and has held senior management positions in strategic leadership and international operation and business development covering China, Asia Pacific, Europe and the Middle East. He holds a Bachelor's degree in Electrical Engineering from Royal Melbourne Institute of Technology, Australia.

Jeroen HOOGLAND

Joined the Group in 2016 and is currently Senior Vice President & General Manager, Consumer Brands, Europe of GP Global Marketing Limited. He has over 20 years' experience in various sales, marketing and general management positions in lifestyle entertainment, consumer electronics, personal care and car systems businesses. He holds a Master of Science degree in Business Administration from University of Groningen, Netherlands.

Richard KU Yuk Hing

Joined Gold Peak Group in 1978 and is currently an Executive Director of Gold Peak Industries (Holdings) Limited and Vice Chairman of GP Batteries International Limited. He has 40 years' experience in international marketing in the battery industry. He holds a Bachelor of Science degree in Economics from the Sophia University, Japan.

Charlton KWONG Yiu Cheung

Joined Gold Peak Group in 2017 and is currently Senior Vice President, Group Business Development of GP Batteries International Limited. He has more than 20 years of experience in strategic leadership and regional business development. He holds a Bachelor's degree in Mechanical Engineering from University of Sunderland, UK and an MBA degree from City University of Hong Kong.

LEUNG Chi Cheong

Joined the Group in 1984 and is currently General Manager of GP Electronics (Huizhou) Co., Ltd. He has more than 45 years' experience in factory management, of which 25 years were in senior positions. He holds a Bachelor's degree in Business Administration and an MBA degree, both from The Open University of Hong Kong.

Grace LO Kit Yee

Joined Gold Peak Group in 2002 and is currently Managing Director of KEF Audio Group under GP Acoustics International Limited. She is also Deputy Group General Manager of Gold Peak Industries (Holdings) Limited. She graduated from the Northwestern University, US and holds a Master of Design degree from Illinois Institute of Technology, US as well as an MBA degree from The Hong Kong University of Science and Technology. She is the daughter of Mr Victor LO Chung Wing.

NG Pui Jeng

Joined the Group in 2017 and is currently Group HR Director of the Company. She has 20 years' working experience in human resources with multinational companies and had held senior global human resources management positions in the past ten years. She holds a Bachelor's degree in Economics from University of London, UK.

Manfred TING Siu Man

Joined the Group in 1989 and is currently General Manager of GP Electronics (HK) Limited. He holds a Higher Diploma in Electronics Engineering from The Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) and an International MBA degree from Victoria University of Wellington, New Zealand.

TONG Tak Fai

Joined the Group in 1994 and is currently Managing Director of Huizhou GP Wiring Technology Ltd. He has over 35 years' working experience in engineering and manufacturing operation. He holds a Bachelor of Arts degree in Commerce and Management Studies from Edinburgh Napier University, UK and a Master's degree in Engineering Management from University of Technology Sydney, Australia and an MBA degree from the Executive MBA Programme of The Chinese University of Hong Kong.

William WANG Jian Hao

Joined Gold Peak Group in 1983 and is currently General Manager of a major plant under GP Batteries International Limited. He holds an Associate degree in Mechanics from Zhejiang Radio and Television University, China and a Bachelor's degree in Law from China University of Geosciences, Wuhan, China.

Brian WONG Tze Hang

Joined Gold Peak Group in 1993 and is currently an Executive Director and Chief Financial Officer of Gold Peak Industries (Holdings) Limited. He is also a Director of GP Batteries International Limited. He has over 30 years' experience in the accounting field and is a fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the UK. He holds a Bachelor of Laws degree from the University of London, UK.

Richard YEW Cheng Teik

Joined Gold Peak Group in 2014 and is currently Joint Chief Operating Officer and Head of Primary Products of GP Batteries International Limited. He has more than 25 years' experience and has held senior management positions in multinational industrial companies in Asia. He holds a Bachelor of Science degree in Electrical Engineering from University of Arkansas, US and an MBA degree from Janus University (formerly known as Newport University), US.

Events and Achievements

Batteries

- GP M-series Powerbank (5,000mAh and 10,000mAh) were named “Test Winners” by M3, a Swedish high-tech magazine. Computerbild, a leading German magazine, also acclaimed the 10,000mAh model as “Test Winner” for its solid and durable performance of high charging current but short charging time.
- GP Batteries received the “CSR Advocate Mark” from Hong Kong Quality Assurance Agency for the fifth year to recognize its commitment as a social responsible organization.
- Four factories in China were named “EcoChallenger / EcoPartner” of the BOCHK Corporate Environmental Leadership Awards by Federation of Hong Kong Industries to recognize their contribution and effort in environmental protection and minimizing pollution in the Pan Pearl River Delta region.
- GP Batteries was awarded “Hong Kong-Guangdong Cleaner Production Excellent Partner (Supply Chain)” while three factories in China were awarded “Hong Kong-Guangdong Cleaner Production Excellent Partner (Manufacturing)” by the Environment Bureau of Hong Kong and the Department of Industry and Information Technology of Guangdong Province, China.
- GPDesign Beam flashlight PRS51 was presented the “Red Dot Product Design Award 2019” by Red Dot Design Museum, Germany while Beam flashlight PR57 has won Bronze Award in “DFA Design for Asia Awards 2018”.
- Nielsen’s MarketTrack Report ranked GP as the No.1 brand in sales volume in the Alkaline battery segment as well as the rechargeable battery segment in Hong Kong for the fifteenth consecutive year (2004-2018).

Acoustics

- A range of KEF products were named “500 Great-Sounding Components Recommended” in 2018 by Stereophile, US, including BLADE TWO, The Reference series, LS50 and the new Q series.
- KEF Q series was presented the “EISA Award: Best Product 2018-2019 – Home Theatre Speaker System” by Expert Imaging and Sound Association (EISA), Europe.
- KEF LS50 Wireless received numerous international awards in 2018, including “Best Hi-Fi Product” by T3, UK and “Product of the Year – Best all-in-one system” by What Hi-Fi? Sound & Vision, UK. KEF LS50 Wireless and KEF LS50 Wireless ‘Nocturne’ were also presented the “Editor’s Choice Award 2019 – Plug-N-Play System of the Year” by The Absolute Sound, US.
- KEF REFERENCE 3 floorstanding speaker was awarded “Product of the Year – Best Standmount Speaker £1000-£2000” by What Hi-Fi? Sound & Vision, UK.
- KEF LSX wireless music system received 5-Star Review by What Hi-Fi? Sound & Vision, UK.

Directors' Statement

The directors of GP Industries Limited (the "Company") present their statement together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2019.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 36 to 134 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and 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.

1. Directors

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

Executive:

Victor Lo Chung Wing, Chairman and Chief Executive Officer

Brian Li Yiu Cheung, Executive Vice President

Lam Hin Lap

Walter Law Wang Chak, Chief Financial Officer and Chief Risk Officer
(appointed on 1 April 2019)

Non-Executive Non-Independent:

Leung Pak Chuen, Non-Executive Vice Chairman

(re-designated from Executive Vice Chairman on 1 January 2019)

Non-Executive Independent:

Lim Ah Doo, Lead Independent Director

Lim Hock Beng

Allan Choy Kam Wing

Lim Jiew Keng

Goh Boon Seong

2. Arrangements to enable directors to acquire benefits by means of acquisition of shares or debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement, to which the Company is a party, the objective of which is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3. Directors' interest in shares and debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, the undermentioned persons who were directors of the Company as at 31 March 2019 had interest in shares of the Company and the Company's ultimate holding company, Gold Peak Industries (Holdings) Limited ("Gold Peak"), as detailed below:

Name of director	Shareholdings registered in the name of director			Shareholdings in which director is deemed to have an interest		
	At beginning of financial year	At end of financial year	At 21 April 2019	At beginning of financial year	At end of financial year	At 21 April 2019
Interest in the Company's ordinary shares						
Victor Lo Chung Wing	300,000	300,000	300,000	414,098,443	414,098,443	414,098,443
Brian Li Yiu Cheung	1,465,000	1,465,000	1,465,000	-	-	-
Wong Man Kit ⁽¹⁾	72,000	72,000	N/A ⁽¹⁾	-	-	N/A ⁽¹⁾
Leung Pak Chuen	1,608,000	1,608,000	1,608,000	-	-	-
Lim Ah Doo	300,000	300,000	300,000	-	-	-
Lim Hock Beng	214,000	214,000	214,000	-	-	-
Interest in Gold Peak's ordinary shares						
Victor Lo Chung Wing	69,045,825	69,045,825	69,045,825	103,440,063	103,440,063	103,440,063
Brian Li Yiu Cheung	300,000	300,000	300,000	-	-	-
Wong Man Kit ⁽¹⁾	12	12	N/A ⁽¹⁾	150,000	150,000	N/A ⁽¹⁾
Leung Pak Chuen	4,575,114	4,575,114	4,575,114	-	-	-

⁽¹⁾ Wong Man Kit has retired as a director of the Company with effect from 1 April 2019.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Victor Lo Chung Wing is deemed to have interests in the shares of all of the Company's related corporations as he is interested in more than 20% in the issued shares of Gold Peak.

4. Share options

- During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.
- During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.
- At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5. Audit and Risk Committee

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including a review of the financial statements of the Company and of the Group for the financial year and the auditors' report thereon before their submission to the directors of the Company. In addition, the Audit and Risk Committee also provided oversight that management has created and maintained an effective risk management and control environment in the Company and there is a sound internal controls system and risk management practices in the Company.

At the date of this report, the Audit and Risk Committee comprises the following members:

Lim Ah Doo, Non-Executive Independent Director

Lim Hock Beng, Non-Executive Independent Director

Allan Choy Kam Wing, Non-Executive Independent Director

Leung Pak Chuen, Non-Executive Non-Independent Director (appointed on 1 January 2019)

The Audit and Risk Committee met four times since the last Annual General Meeting. The Audit and Risk Committee has reviewed, *inter alia*, the following:

- a) the annual audit plan and report of the external auditors;
- b) the results of the internal auditors' examination of the Group's systems of internal accounting controls;
- c) the internal audit plans and results of internal audits as well as management's responses to the recommendations of the internal auditors;
- d) the Group's financial results and accounting policies;
- e) the Group's quarterly, half-yearly and full year results, the statement of financial position of the Company and the consolidated financial statements of the Group before their submission to the Board for approval for public announcements in respect of such results and related results announcement;
- f) the effectiveness of financial, operational, compliance and information technology controls;
- g) the Group's interested person transactions;
- h) non-audit services performed by the external auditors to ensure that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before recommending to the Board, subject to shareholders' approval, the re-appointment of the Company's external auditors; and
- i) the co-operation and assistance given by the management to the internal and external auditors.

The Audit and Risk Committee has full access to and co-operation by management and full discretion to invite any director of the Company or executive officer of the Group to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee meetings are held with the internal and external auditors and by invitation, representatives from management.

The Audit and Risk Committee has recommended to the Board of Directors that Deloitte & Touche LLP be nominated for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

6. Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Victor Lo Chung Wing

Chairman and Chief Executive Officer

Brian Li Yiu Cheung

Executive Vice President

12 June 2019

Independent Auditor's Report

TO THE MEMBERS OF GP INDUSTRIES LIMITED

For the financial year ended 31 March 2019

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GP Industries Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 36 to 134.

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

Basis for Opinion

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

Key Audit Matters

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

We identified the following key audit matters:

Key Audit Matters

a) Impairment of property, plant and equipment

The Group is required to assess at the end of each reporting period whether there is any indication that its property, plant and equipment may be impaired.

If any such indication exists, the entity shall estimate the recoverable amount of its property, plant and equipment.

The determination of recoverable amount, based on value-in-use calculations, using cash flow projections from the latest financial budgets, requires management's judgement in both identifying and valuing the relevant assets.

Recoverable amounts are based on management's judgement of key variables such as sales growth, operating expenditure, approved capital expenditure and the appropriate discount rate.

(Refer to Notes 11 and 35 to the consolidated financial statements)

Our audit performed and responses thereon

Our audit procedures focused on evaluating and challenging the key assumptions used by management in its impairment review.

In addition, we performed the following:

- We evaluated the appropriateness of management's relevant controls over the impairment assessment process, including reviewing for indicators of impairment; and
- We have reviewed the impairment assessment performed by management and also performed an assessment of the adequacy of management's provision through a review of actual results against projections made in prior year. Based on our procedures, we noted that the value-in-use calculations provided by management in prior year continue to be relevant and reliable.

We have also reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

Key Audit Matters

b) Assessment of recoverability of trade receivables

The Group is required to recognise loss allowance on expected credit losses on trade receivables.

If any such indication exists, the entity shall estimate the recoverable amount of its trade receivables.

The assessment of recoverable amounts requires management to make significant judgements regarding the identification of impaired receivables and adequacy of allowance made using the expected credit losses ("ECL") model under SFRS(I) 9 Financial Instruments. These judgements include estimating and evaluating expected future receipts from customers based on historical experience and forward-looking information such as credit ratings, trade receivables aging analysis, collections subsequent to the end of the reporting period, local economic conditions, past collection history and trend analysis and knowledge of the businesses.

(Refer to Notes 18, 35 and 36 to the consolidated financial statements)

Our audit performed and responses thereon

We have discussed with management on analyses and assessments made with respect to recovery of significant and/or overdue receivables.

In addition, we performed the following:

- We evaluated the appropriateness of management's controls over monitoring and assessment of receivables to assess the expected recovery of trade receivables;
- We evaluated the ECL model used in determining the allowance for expected credit losses; and
- We evaluated management's assessment on both the quantitative and qualitative information considered by them that is reasonable and supportable, including the historical experience and forward-looking information such as credit ratings, trade receivables aging analysis, collections subsequent to the end of the reporting period, local economic conditions, past collection history and trend analysis and knowledge of the businesses.

Based on our procedures, we noted that the judgement and estimates applied by management over the recoverability were reasonable and relevant based on facts and circumstances.

We have also reviewed the adequacy and appropriateness of the disclosures made in the financial statements, regarding trade receivables, the key assumptions and estimation on allowance for ECL and the related risks such as credit risk and the aging of trade receivables as disclosed in Notes 18 and 36.

Key Audit Matters*c) Assessment of allowance for inventories*

Given the nature of the business, we have identified allowance for inventories as a risk.

The Group assesses at each reporting date whether there is any indication that the cost of inventories exceeds the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to complete the sale. The Group is also required to assess individually slow moving and obsolete inventories at each reporting date.

There are significant judgements and estimates involved in assessing the level of inventory allowance required in respect of slow moving and obsolete inventories.

(Refer to Notes 17 and 35 to the consolidated financial statements)

Our audit performed and responses thereon

We have discussed with management their analyses and assessments made with respect to slow moving and obsolete inventories.

Our audit procedures focused on the following:

- We evaluated the appropriateness of management's controls over the assessment of allowance for inventories, including determination of the net realisable value; and
- We assessed the net realisable value of inventories and challenged the appropriateness of the level of inventory allowance required in respect of slow moving and obsolete inventories, considering the expected demand and actual selling price.

Based on our procedures, we noted that the inventory allowance to be within a reasonable range of our audit expectations.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. All other information was obtained prior to the date of the auditor's report, other than the Shareholding Statistics, which is 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 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed 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 Shareholding Statistics, 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.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Loi Chee Keong.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

12 June 2019

Consolidated Income Statement

Financial year ended 31 March 2019

	Note	The Group	
		2019	2018
		S\$'000	S\$'000
Revenue	3	1,167,142	1,099,704
Cost of sales		(875,476)	(842,940)
Gross profit		291,666	256,764
Other operating income	4	38,017	44,524
Distribution costs		(135,580)	(115,963)
Administrative expenses		(129,711)	(124,280)
Allowance for expected credit losses / (Write-back) of bad debt, net	18	(106)	2,962
Exchange gain (loss)		6,598	(11,428)
Other operating expenses	5	(8,633)	(8,688)
Profit before finance costs and share of results of associates	6	62,251	43,891
Finance costs	7	(25,625)	(17,091)
Share of results of associates	13	27,662	30,116
Profit before taxation		64,288	56,916
Income tax expense	8	(18,260)	(21,457)
Profit for the financial year		46,028	35,459
Attributable to:			
Equity holders of the Company		29,157	23,226
Non-controlling interests		16,871	12,233
		46,028	35,459
Earnings per share (Singapore cents):			
Basic	9	6.02	4.79
Diluted	9	6.02	4.79

See accompanying notes to the financial statements.

Consolidated Statement of Comprehensive Income

Financial year ended 31 March 2019

	The Group	
	2019	2018
	S\$'000	S\$'000
Profit for the financial year	46,028	35,459
Other comprehensive income (loss):		
Exchange translation deficit reclassified to profit or loss upon disposal / de-registration of subsidiaries	-	696
Items that will not be reclassified subsequently to profit or loss:		
Fair value loss on financial assets at fair value through other comprehensive income	(6,148)	-
Share of other comprehensive income of associates	-	17
Items that may be reclassified subsequently to profit or loss:		
Exchange translation (deficit) surplus	(14,213)	12,038
Net change in fair value of cash flow hedges	(459)	-
Net change in fair value of cash flow hedges reclassified to profit or loss	103	-
Fair value gain on available-for-sale financial assets	-	4,100
Share of other comprehensive loss of associates	(3,404)	(4,111)
Other comprehensive (loss) income for the financial year, net of tax	(24,121)	12,740
Total comprehensive income for the financial year	21,907	48,199
Attributable to:		
Equity holders of the Company	7,515	32,627
Non-controlling interests	14,392	15,572
	21,907	48,199

See accompanying notes to the financial statements.

Statements of Financial Position

As at 31 March 2019

	Note	The Group			The Company		
		31 March	31 March	1 April	31 March	31 March	1 April
		2019	2018	2017	2019	2018	2017
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Non-current Assets							
Investment properties	10	-	-	1,791	-	-	-
Property, plant and equipment	11	273,864	291,119	247,962	71	114	172
Interest in subsidiaries	12	-	-	-	423,960	422,342	337,206
Interest in associates	13	251,568	244,589	247,725	29,031	29,031	29,031
Financial assets at fair value through other comprehensive income / Available-for-sale financial assets	14	3,665	9,783	6,291	-	-	-
Non-current receivables	15	-	-	-	34,800	-	-
Deferred tax assets	26	3,882	3,660	3,549	-	-	-
Deposits and prepayments		1,451	1,627	6,063	-	-	-
Intangible assets	16	13,165	16,913	18,542	-	-	-
		547,595	567,691	531,923	487,862	451,487	366,409
Current Assets							
Inventories	17	182,301	182,417	152,641	-	-	-
Receivables and prepayments	18	222,405	200,251	210,288	18,733	3,787	5,999
Dividend receivable	32	4,723	4,771	1,255	14,216	21,211	21,607
Taxation recoverable		3,774	5,779	2,358	-	-	-
Derivative financial instruments	19	15	243	-	-	-	-
Amount due from ultimate holding company		-	-	3	-	-	-
Available-for-sale financial assets	14	-	4,170	-	-	-	-
Bank balances, deposits and cash	20	247,478	194,161	184,699	8,104	10,270	27,445
		660,696	591,792	551,244	41,053	35,268	55,051
Assets classified as held for sale	39	33,917	9,326	1,057	-	-	-
		694,613	601,118	552,301	41,053	35,268	55,051

See accompanying notes to the financial statements.

	Note	The Group			The Company		
		31 March	31 March	1 April	31 March	31 March	1 April
		2019	2018	2017	2019	2018	2017
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current Liabilities							
Trade and other payables	21	272,735	258,073	228,031	6,037	4,124	1,873
Contract liabilities	22	2,733	5,914	4,915	-	-	-
Obligations under finance leases	23	219	40	87	-	-	-
Income tax payable		7,213	4,570	5,717	674	738	767
Derivative financial instruments	19	14	-	-	-	-	-
Amount due to ultimate holding company		-	-	865	-	-	-
Bank and other loans	24	321,424	299,769	203,952	95,108	73,304	26,303
Notes	25	-	19,892	-	-	-	-
		604,338	588,258	443,567	101,819	78,166	28,943
Net Current Assets (Liabilities)		90,275	12,860	108,734	(60,766)	(42,898)	26,108
Non-current Liabilities							
Bank and other loans	24	177,813	116,702	131,692	131,809	104,959	95,522
Obligations under finance leases	23	564	63	94	-	-	-
Derivative financial instruments	19	356	-	-	356	-	-
Deferred tax liabilities	26	3,839	3,429	3,835	-	-	-
		182,572	120,194	135,621	132,165	104,959	95,522
Net Assets		455,298	460,357	505,036	294,931	303,630	296,995
Represented by:							
Issued capital	27	286,307	286,307	286,307	286,307	286,307	286,307
Treasury shares	27	(20,865)	(20,585)	(20,585)	(20,865)	(20,585)	(20,585)
Reserves		103,070	111,014	76,753	29,489	37,908	31,273
Equity attributable to equity holders of the Company		368,512	376,736	342,475	294,931	303,630	296,995
Non-controlling interests		86,786	83,621	162,561	-	-	-
Total Equity		455,298	460,357	505,036	294,931	303,630	296,995

See accompanying notes to the financial statements.

Statements of Changes In Equity

Financial year ended 31 March 2019

	Issued capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Legal reserve S\$'000	Capital reserve on consolidation S\$'000	Exchange translation reserve S\$'000
The Group						
Balance at 31 March 2018, as previously reported	286,307	(20,585)	5,868	17,043	31,527	(100,184)
Adoption of SFRS(I) 9 (Note 33)	-	-	-	-	-	-
Balance at 1 April 2018, as restated	286,307	(20,585)	5,868	17,043	31,527	(100,184)
<u>Total comprehensive income (loss)</u>						
Profit for the financial year	-	-	-	-	-	-
Other comprehensive loss for the financial year	-	-	-	-	-	(15,138)
Total comprehensive (loss) income for the financial year	-	-	-	-	-	(15,138)
Share of change in net assets of associates other than other comprehensive income	-	-	-	-	-	-
<u>Transactions with owners, recognised directly in equity</u>						
Contributions by and distributions to owners:						
Purchase of treasury shares (Note 27)	-	(280)	-	-	-	-
Dividends paid (Note 27)	-	-	-	-	-	-
Changes in ownership interests in subsidiaries:						
Acquisition of additional interest in a subsidiary	-	-	-	-	(162)	-
Total transactions with owners	-	(280)	-	-	(162)	-
Transfer from fair value reserve upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Transfer to reserve	-	-	-	968	-	-
Balance at 31 March 2019	286,307	(20,865)	5,868	18,011	31,365	(115,322)

See accompanying notes to the financial statements.

Attributable to equity holders of the Company							
Fair value reserve S\$'000	Share-based payment reserve S\$'000	Property revaluation reserve S\$'000	Hedging reserve S\$'000	Retained profits S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
4,642	1,467	596	-	150,055	376,736	83,621	460,357
(669)	-	-	-	(255)	(924)	-	(924)
3,973	1,467	596	-	149,800	375,812	83,621	459,433
-	-	-	-	29,157	29,157	16,871	46,028
(6,148)	-	-	(356)	-	(21,642)	(2,479)	(24,121)
(6,148)	-	-	(356)	29,157	7,515	14,392	21,907
-	160	-	-	-	160	-	160
-	-	-	-	-	(280)	-	(280)
-	-	-	-	(14,533)	(14,533)	(11,296)	(25,829)
-	-	-	-	-	(162)	69	(93)
-	-	-	-	(14,533)	(14,975)	(11,227)	(26,202)
1	-	-	-	(1)	-	-	-
-	-	-	-	(968)	-	-	-
(2,174)	1,627	596	(356)	163,455	368,512	86,786	455,298

	Issued capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Legal reserve S\$'000	Capital reserve on consolidation S\$'000
The Group					
Balance at 1 April 2017	286,307	(20,585)	3,132	16,453	22,617
<u>Total comprehensive income (loss)</u>					
Profit for the financial year	-	-	-	-	-
Other comprehensive income for the financial year	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-
Share of change in net assets of associates other than other comprehensive income	-	-	2,736	-	-
<u>Transactions with owners, recognised directly in equity</u>					
Contributions by and distributions to owners:					
Dividends paid (Note 27)	-	-	-	-	-
Changes in ownership interests in subsidiaries:					
Acquisition of additional interests in subsidiaries	-	-	-	-	8,910
Total transactions with owners	-	-	-	-	8,910
Transfer to reserve	-	-	-	590	-
Balance at 31 March 2018	286,307	(20,585)	5,868	17,043	31,527

See accompanying notes to the financial statements.

Attributable to equity holders of the Company							
Exchange translation reserve S\$'000	Available- for-sale financial assets reserve S\$'000	Share-based payment reserve S\$'000	Property revaluation reserve S\$'000	Retained profits S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
(105,471)	545	1,467	596	137,414	342,475	162,561	505,036
-	-	-	-	23,226	23,226	12,233	35,459
5,287	4,097	-	-	17	9,401	3,339	12,740
5,287	4,097	-	-	23,243	32,627	15,572	48,199
-	-	-	-	3,311	6,047	-	6,047
-	-	-	-	(13,323)	(13,323)	(8,524)	(21,847)
-	-	-	-	-	8,910	(85,988)	(77,078)
-	-	-	-	(13,323)	(4,413)	(94,512)	(98,925)
-	-	-	-	(590)	-	-	-
(100,184)	4,642	1,467	596	150,055	376,736	83,621	460,357

	Issued capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Hedging reserve S\$'000	Retained profits S\$'000	Total equity S\$'000
The Company						
Balance at 1 April 2018	286,307	(20,585)	614	-	37,294	303,630
Total comprehensive income (loss)						
Profit for the financial year	-	-	-	-	6,470	6,470
Other comprehensive loss for the financial year	-	-	-	(356)	-	(356)
Total comprehensive (loss) income for the financial year	-	-	-	(356)	6,470	6,114
Transactions with owners, recognised directly in equity						
Purchase of treasury shares (Note 27)	-	(280)	-	-	-	(280)
Dividends paid (Note 27)	-	-	-	-	(14,533)	(14,533)
Total transactions with owners	-	(280)	-	-	(14,533)	(14,813)
Balance at 31 March 2019	286,307	(20,865)	614	(356)	29,231	294,931
Balance at 1 April 2017						
Balance at 1 April 2017	286,307	(20,585)	614	-	30,659	296,995
Profit and total comprehensive income for the financial year	-	-	-	-	19,958	19,958
Transactions with owners, recognised directly in equity						
Dividends paid (Note 27)	-	-	-	-	(13,323)	(13,323)
Balance at 31 March 2018	286,307	(20,585)	614	-	37,294	303,630

Legal reserve represents that part of the profit after taxation of certain subsidiaries in the People's Republic of China ("PRC") transferred in accordance with local requirements. The legal reserve cannot be distributed or reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off accumulated losses or increasing capital.

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

Financial year ended 31 March 2019

	The Group	
	2019	2018
	S\$'000	S\$'000
Operating activities		
Profit before taxation	64,288	56,916
Adjustments for:		
Share of results of associates	(27,662)	(30,116)
Depreciation of property, plant and equipment	26,873	25,723
Amortisation of intangible assets	327	330
Finance costs	25,625	17,091
Interest income	(2,019)	(1,256)
Gain on disposal and write-off of property, plant and equipment / assets classified as held for sale, net	(508)	(28,148)
Allowance for impairment loss on goodwill	3,967	-
Allowance for impairment loss on property, plant and equipment	1,154	5,347
Allowance for and write-off of (Write-back of) inventory obsolescence, net	1,268	(61)
Allowance for expected credit losses / (Write-back) of bad debt, net	106	(2,962)
Utilisation of prepaid rent	1,092	342
Compensation for relocation	(17,227)	-
Compensation income	(7,940)	-
Loss on disposal / de-registration of subsidiaries	-	696
Dividend income from financial assets at fair value through other comprehensive income	(45)	-
Realised gain on derivative financial instruments	(441)	(248)
Unrealised fair value gain on derivative financial instruments	(1)	(243)
Unrealised exchange (gain) loss	(1,532)	2,217
Operating cash flows before movements in working capital	67,325	45,628
Inventories	3,900	(38,618)
Receivables and prepayments	(12,325)	4,593
Trade and other payables, and contract liabilities	(31,557)	40,169
Cash generated from operations	27,343	51,772
Income tax paid	(9,467)	(20,848)
Finance costs paid	(26,474)	(16,002)
Interest received	2,010	1,256
Net cash (used in) generated from operating activities	(6,588)	16,178

See accompanying notes to the financial statements.

	The Group	
	2019	2018
	S\$'000	S\$'000
Investing activities		
Purchase of property, plant and equipment (note a)	(49,197)	(76,356)
Deposits received for sale of assets classified as held for sale or property, plant and equipment, net of refund	33,826	13,865
Deposits paid for purchase of property, plant and equipment	(372)	(705)
Dividends received from associates	14,144	16,997
Proceeds from disposal of property, plant and equipment / assets classified as held for sale	6,937	20,563
Compensation for relocation received	14,301	-
Compensation income received	7,940	-
Uplift (Purchase) of structured deposits	4,170	(4,170)
Uplift (Placement) of time deposits	19,515	(20,489)
Dividend income from financial assets at fair value through other comprehensive income	45	-
Proceeds from capital reduction of associates	-	6,481
Net cash generated from (used in) investing activities	51,309	(43,814)
Financing activities		
Drawdown of long-term bank and other loans	249,395	73,778
Repayment of long-term bank and other loans	(161,798)	(74,829)
(Repayment) Drawdown of short-term bank loans, net	(7,612)	91,773
(Redemption) Issuances of notes	(20,758)	19,892
Obligations under finance leases	(200)	(182)
Dividends paid	(14,533)	(13,323)
Dividend paid to non-controlling interests	(11,296)	(8,524)
Acquisition of additional interest in subsidiaries	(94)	(77,115)
Purchase of treasury shares	(280)	-
Net cash generated from financing activities	32,824	11,470
Net increase (decrease) in cash and cash equivalents	77,545	(16,166)
Cash and cash equivalents at beginning of the financial year	173,672	184,699
Effects of exchange rate changes on the balance of cash held in foreign currencies	(3,739)	5,139
Cash and cash equivalents at end of the financial year	247,478	173,672
Cash and cash equivalents at end of the financial year comprised:		
Bank balances, deposits and cash (Note 20)	247,478	194,161
Less: Time deposits	-	(20,489)
	247,478	173,672

Note (a):

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S\$50,796,000 (2018: S\$81,427,000) of which S\$748,000 (2018: S\$5,071,000) were transferred from deposits paid for property, plant and equipment and S\$851,000 (2018: S\$Nil) were acquired under finance leases.

See accompanying notes to the financial statements.

Notes to the Financial Statements

31 March 2019

1. General

GP Industries Limited (the "Company") (Registration No. 199502128C) is incorporated in the Republic of Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's registered office and principal place of business is at 3 Fusionopolis Link, #06-11, Nexus @ one-north, Singapore 138543. The financial statements are expressed in Singapore dollars ("S\$").

The principal activities of the Company comprise those of an investment holding company and regional headquarters of the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Group's significant subsidiaries and significant associates are disclosed in Notes 37 and 38 respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2019 were authorised for issue by the Board of Directors on 12 June 2019.

For all periods up to and including the financial year ended 31 March 2018, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRS"). These financial statements for the financial year ended 31 March 2019 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 33.

2. Summary of significant accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50, and SFRS(I).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

2. Summary of significant accounting policies (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year. Subsidiaries are entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. Summary of significant accounting policies (cont'd)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used in line with those used by other members of the Group.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Interest in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Group's financial statements, investments in associates are accounted for using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

2. Summary of significant accounting policies (cont'd)

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the associate.

Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used in line with those used by other members of the Group.

In the Company's financial statements, investments in associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured, on the acquisition date, at the aggregate fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with SFRS(I) 5.

2. Summary of significant accounting policies (cont'd)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

Foreign Currency Transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

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

2. Summary of significant accounting policies (cont'd)

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Foreign Currency Translation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's exchange translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in exchange translation reserve.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates prevailing at the end of the reporting period.

Revenue Recognition

The Group recognises revenue from the following major sources:

- Sales of batteries and battery-related products
- Sales of electronics and acoustics products
- Sales of automotive wire harness products

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

2. Summary of significant accounting policies (cont'd)

The revenue of the Group arising from sale of batteries, electronics and automotive wire harness products is recognised at a point in time. Revenue from these sales is recognised when customer acceptance has been obtained, which is the point of time when the goods are delivered based on the agreed shipping terms and the location specified by the customers, and when the customer has the ability to direct the use of these products and obtain substantially all of the remaining benefits of these products.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Management fee income is recognised when services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight-line basis.

Operating lease income is recognised on a straight-line basis over the term of the relevant lease.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee Leave Entitlement

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Summary of significant accounting policies (cont'd)

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) enacted or substantively enacted in countries where the Group's entities operate by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2. Summary of significant accounting policies (cont'd)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Financial Instruments (Effective 1 April 2018, upon application of SFRS(I) 9)

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the timeframe established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2. Summary of significant accounting policies (cont'd)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 *Business Combinations* applies.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated all investments in equity investments that are not held for trading as at FVTOCI on initial application of SFRS(I) 9.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other operating income" line item in profit or loss.

2. Summary of significant accounting policies (cont'd)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, as well as current and general economic conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. Summary of significant accounting policies (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

A default on a financial asset is when the counter party fails to make contractual payments within a specific period after the credit period granted.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event; or
- c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

2. Summary of significant accounting policies (cont'd)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2. Summary of significant accounting policies (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and at bank and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, such as fixed deposit with an original maturity period of three months or less, and exclude cash at bank, fixed deposit or highly liquid investments which are pledged as security and bank overdrafts which are repayable on demand.

Financial Liabilities and Equity Instruments

Classification as debt or equity

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

Trade and other payables (including amount due to ultimate holding company)

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method. Interest expense is recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial.

Bank and other borrowings

Interest-bearing bank loans and other loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Equity instruments

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

2. Summary of significant accounting policies (cont'd)

Treasury shares

When the Company purchases its own issued ordinary shares without immediately cancelling such purchased shares, such purchased shares are held as treasury shares. The consideration paid, including any directly attributable costs, on the treasury shares is presented as a component within equity. When the treasury shares are subsequently disposed of, the realised gains or losses on disposal of the treasury shares are recognised in equity.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are not designated and not effective as hedges of future cash flows are recognised immediately in profit or loss.

Hedge accounting

The Group uses hedging instruments to manage its exposure to interest rate risks.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objective and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item.

Hedging instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of hedging instrument is classified as a non-current asset or a non-current liability if the maturity of the hedge relationship exceeds 12 months and as a current asset or current liability if the maturity of the hedge relationship is within 12 months.

The Group designates any interest rate swap for hedging of interest rate risk arising from borrowings as cash flow hedges.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires, terminated, or no longer qualifies for hedge accounting.

Cash flow hedges

The effective portion of changes in the fair value of hedging instruments that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts recognised in other comprehensive income are taken to profit or loss when the hedged item is realised. This transfer does not affect other comprehensive income.

2. Summary of significant accounting policies (cont'd)

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Instruments (Prior to 1 April 2018)

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

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial Assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" ("at FVTPL"), "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

2. Summary of significant accounting policies (cont'd)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Available-for-sale financial assets are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until such investments are disposed of or are determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. The fair values of the available-for-sale financial assets that are quoted in an active market are determined based on the published price quotations at the end of the reporting period. The fair values of the available-for-sale financial assets that are not quoted in an active market and whose fair values cannot be reliably measured are carried at cost less impairment.

Non-current receivables, trade and other receivables (including amount due from ultimate holding company)

Non-current receivables, trade and other receivables that have fixed or determinable payments that are not quoted in an active market are accounted for as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and at bank and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, such as fixed deposit with an original maturity period of three months or less, and exclude cash at bank, fixed deposit or highly liquid investments which are pledged as security and bank overdrafts which are repayable on demand.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

2. Summary of significant accounting policies (cont'd)

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss charged directly to profit or loss for all financial assets with the exception of trade receivables and other receivables where the carrying amount is reduced through the use of an allowance account. When trade receivables and other receivables are uncollectible, they are written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. In respect of available-for-sale equity instruments carried at fair value, any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

2. Summary of significant accounting policies (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement, and an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the transferred asset in its entirety and also recognises a financial liability for the consideration received.

Financial Liabilities and Equity Instruments

Classification as debt or equity

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

Trade and other payables (including amount due to ultimate holding company)

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method. Interest expense is recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial.

Bank and other borrowings

Interest-bearing bank loans and other loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Equity instruments

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

Treasury shares

When the Company purchases its own issued ordinary shares without immediately cancelling such purchased shares, such purchased shares are held as treasury shares. The consideration paid, including any directly attributable costs, on the treasury shares is presented as a component within equity. When the treasury shares are subsequently disposed of, the realised gains or losses on disposal of the treasury shares are recognised in equity.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2. Summary of significant accounting policies (cont'd)

Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are not designated and not effective as hedges of future cash flows are recognised immediately in profit or loss.

Investment Properties

Investment property, which is property held to earn rentals and / or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfers are made to or from investment properties when and only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed costs of property for subsequent accounting is its fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Construction in progress comprises material and all other cost incurred in relation to the construction and is not depreciated. On completion, they are identified for transfer to specific categories of property, plant and equipment.

Depreciation is charged to write-off the cost of property, plant and equipment over their estimated useful lives using the straight-line method as follows:

Category of property, plant and equipment	Depreciation rates per annum
Furniture, fixtures and equipment	- 5% to 25%
Machinery and equipment	- 10% to 33⅓%
Motor vehicles	- 10% to 33⅓%
Moulds and tools	- 10% to 50%

Freehold land is not depreciated.

2. Summary of significant accounting policies (cont'd)

Leasehold land is depreciated over the period of the leases using the straight-line method.

Freehold buildings are depreciated at 2% to 4% per annum using the straight-line method.

Leasehold buildings are depreciated at 2% to 10% per annum using the straight-line method.

Leasehold improvements are depreciated at the shorter of 10% to 33⅓% or over the lease terms.

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible Assets

Goodwill

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

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

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Summary of significant accounting policies (cont'd)

The Group's policy for goodwill arising from the acquisition of an associate is described under "Interest in Associates" above.

Trademarks

Trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives, which are estimated to be twenty years.

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Corporate Club Membership

Investment in corporate club membership is held for long-term and is stated at cost less any impairment in net recoverable value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their present location and condition calculated using the first-in, first-out method. Net realisable value is calculated as the actual or estimated selling price less all further costs of production and the related costs of marketing, selling and distribution.

Non-current Assets Held For Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A component of the Group is classified as discontinued operations when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. In the profit or loss of the current reporting period, and of the comparative period, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations. The profit or loss after taxation from discontinued operations is reported separately in profit or loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2. Summary of significant accounting policies (cont'd)

The Group as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised in profit or loss on a straight-line basis over the lease term. The depreciation policy for depreciable leased assets is consistent with the Group's depreciation policy for similar assets.

The Group as Lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising from operating leases are recognised as an expense in the periods in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Impairment of Tangible and Intangible Assets Excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2. Summary of significant accounting policies (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share-based Payments

Equity-settled Share-based Payments

The fair value of the employee services received in exchange for the grant of options or shares is recognised as an expense in the profit or loss with a corresponding increase in share-based payment reserve, or capital reserve in respect of options granted by the Company's ultimate holding company, over the vesting period.

Options granted by a Group entity pursuant to schemes approved by its respective shareholders were measured at fair value (excluding the effect of non-market based vesting conditions) at the date of offer using the Black-Scholes pricing model. The fair value determined at the offer date of the options is expensed on a straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The expected life used in the model has been adjusted for the estimated effects of non-transferability, exercise restrictions and behavioural considerations.

Certain directors and employees of the Group are also entitled to options to subscribe for the ordinary shares in the ultimate holding company of the Company. The fair value of such options is determined by the ultimate holding company. The Group's attributable share of the fair value of such options is expensed on a straight-line basis over the vesting period.

Upon the cancellation / lapse of share options, share option expenses previously recognised in the share-based payment reserve are transferred to retained profits.

3. Revenue

Revenue comprised product sales recognised at a point in time:

	The Group	
	2019	2018
	S\$'000	S\$'000
Batteries and battery-related products	871,800	824,939
Electronics and acoustics products	254,788	229,936
Automotive wire harness products	40,554	44,829
	1,167,142	1,099,704

4. Other operating income

	The Group	
	2019	2018
	S\$'000	S\$'000
Product development and engineering fee income	300	4,194
Interest income:		
Associates	300	68
Banks	1,533	816
Third parties	186	372
Gain on disposal of property, plant and equipment and assets classified as held for sale	834	28,521
Compensation for relocation ⁽¹⁾	17,227	-
Management fee income from associates	820	692
Operating lease income	488	494
Tooling income	614	1,018
Government grant	4,453	2,988
Compensation income ⁽²⁾	7,940	-
Recovery of bad debts	1,285	675
Write-back of excess provision for expenses	-	1,180
Realised gain on derivative financial instruments	441	248
Others	1,596	3,258
	38,017	44,524

⁽¹⁾ Being compensation for relocation of property of a 70% owned subsidiary, Zhongyin (Ningbo) Battery Co Ltd ("ZYNB").

⁽²⁾ Being compensation income for damages done to a property of ZYNB.

5. Other operating expenses

	The Group	
	2019	2018
	S\$'000	S\$'000
Property, plant and equipment written-off	326	373
Bank charges	1,624	1,882
Closure and relocation costs ⁽¹⁾	1,166	-
Allowance for impairment loss on goodwill	3,967	-
Allowance for impairment loss on property, plant and equipment	1,154	5,347
Loss on disposal / de-registration of subsidiaries	-	696
Others	396	390
	8,633	8,688

⁽¹⁾ Relates to closure and relocation of the Group's logistics and distribution center in Shenzhen, The People's Republic of China ("PRC").

6. Profit before finance costs and share of results of associates

Profit before finance costs and share of results of associates is arrived at after charging (crediting) the following:

	The Group	
	2019	2018
	S\$'000	S\$'000
Audit fees:		
Auditors of the Company	404	452
Other auditors	1,532	1,512
Non-audit fees:		
Auditors of the Company	28	31
Other auditors	87	181
Depreciation of property, plant and equipment	26,873	25,723
Amortisation of intangible assets	327	330
Directors' remuneration:		
Fees	381	273
Other emoluments	3,719	4,524
Employee benefits expense (excluding directors' remuneration)	201,846	203,783
Cost of defined contribution plans included in employee benefits expense and directors' remuneration	9,910	9,818
Allowance for and write-off of (Write-back of) inventory obsolescence, net	1,268	(61)
Cost of inventories recognised as expense	873,053	837,425

7. Finance costs

	The Group	
	2019	2018
	S\$'000	S\$'000
Interest on bank loans, overdrafts, bills payable and amortised fees relating to term loans	25,380	16,691
Interest on other loans	224	308
Interest on finance leases	21	92
	25,625	17,091

8. Income tax expense

	The Group	
	2019	2018
	S\$'000	S\$'000
Current taxation:		
Provision for taxation in respect of profit for the financial year	13,457	13,735
Over-provision in respect of prior years	(1,484)	(429)
Withholding tax on overseas income	1,969	2,298
Deferred taxation:		
Charge (Credit) for the financial year	1,258	(406)
Over-provision in respect of prior years	(1,230)	-
Share of taxation of associates (Note 13)	4,290	6,259
	18,260	21,457

8. Income tax expense (cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2018: 17%) to profit before taxation as a result of the following differences:

	The Group	
	2019	2018
	S\$'000	S\$'000
Profit before taxation	64,288	56,916
Income tax expense at statutory tax rate	10,929	9,676
Effect of different tax rates of overseas operations	498	601
Effect of changes in tax rates	383	-
Income not subject to tax	(3,922)	(1,944)
Expenses not deductible for tax purposes	6,438	6,902
Deferred tax assets not recognised	6,747	7,063
Recognition of previously unrecognised deferred tax assets	(1,184)	(4,802)
Over-provision in prior years, including those of associates	(3,339)	(128)
Withholding tax, including those of associates	2,246	2,357
Deferred tax on undistributed profits	(556)	1,565
Others	20	167
Total income tax expense at effective rates	18,260	21,457

9. Earnings per share

The following data were used in computing basic and fully diluted earnings per share disclosed in the income statement:

a) Earnings

	The Group	
	2019	2018
	S\$'000	S\$'000
Profit attributable to equity holders of the Company	29,157	23,226

b) Number of shares

	The Group	
	2019	2018
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	484,322,797	484,469,182

There were no dilutive potential ordinary shares for the financial years ended 31 March 2019 and 2018.

10. Investment properties

	The Group 2018 S\$'000
Balance at beginning of the financial year	1,791
Reclassified to held for sale	(1,748)
Currency realignment	(43)
Balance at end of the financial year	-

During the financial year ended 31 March 2018, rental income from investment properties leased out under operating leases amounted to S\$176,000. Direct operating expenses arising from the rental generating investment properties amounted to S\$33,000. The Group has entered into a sale and purchase agreement to dispose of the investment property and it was reclassified to assets classified as held for sale (Note 39).

The carrying amount of investment property as at 1 April 2017 is the fair value of the property as determined by an independent appraiser having appropriate recognised professional qualification and adequate experience in the location and category of the property being valued. Fair values were determined having regard to the existing use of the property, recent market transactions for similar properties in the same location as the property being valued.

Particulars of the investment property as at 1 April 2017 are as follows:

Description	Fair value S\$'000	Valuation technique	Unobservable inputs	Range of unobservable inputs
Factory building and warehouse in China	1,791	Depreciated replacement cost method	Building construction cost	RMB1,200 to RMB1,500 per square metre

The investment property is categorised under Level 3 of the fair value hierarchy and is generally sensitive to the unobservable input tabled above. A significant movement of input would result in a significant change to the fair value of the investment property.

11. Property, plant and equipment

	Freehold land and buildings	Leasehold land and buildings	Leasehold improve- ments	Furniture, fixtures and equipment	Machinery and equipment	Motor vehicles	Moulds and tools	Construc- tion in progress	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group									
Cost:									
Balance at 1 April 2018	14,258	161,890	21,509	46,278	343,258	8,329	43,652	21,333	660,507
Additions	-	3,192	794	2,264	3,324	1,643	1,798	37,781	50,796
Disposals and write-offs	(169)	(3,756)	(31)	(694)	(8,585)	(681)	(281)	(2)	(14,199)
Reclassifications	-	7	12	1,449	16,517	34	4,930	(22,949)	-
Reclassified to held for sale	-	(40,520)	-	-	(3,080)	-	-	-	(43,600)
Currency realignment	(366)	(3,879)	153	(389)	(2,710)	(80)	(621)	(815)	(8,707)
Balance at 31 March 2019	13,723	116,934	22,437	48,908	348,724	9,245	49,478	35,348	644,797
Accumulated depreciation:									
Balance at 1 April 2018	3,201	29,920	11,891	31,244	239,139	6,287	27,916	-	349,598
Charge for the financial year	174	3,581	3,646	2,874	12,633	838	3,127	-	26,873
Eliminated on disposals and write-offs	(33)	(656)	(31)	(613)	(8,343)	(657)	(223)	-	(10,556)
Reclassifications	-	-	-	51	(51)	-	-	-	-
Reclassified to held for sale	-	(9,031)	-	-	(2,926)	-	-	-	(11,957)
Currency realignment	(78)	(1,547)	52	(200)	(560)	(37)	(153)	-	(2,523)
Balance at 31 March 2019	3,264	22,267	15,558	33,356	239,892	6,431	30,667	-	351,435
Accumulated impairment loss:									
Balance at 1 April 2018	-	-	-	2,361	17,385	7	37	-	19,790
Charge for the financial year	-	1,154	-	-	-	-	-	-	1,154
Eliminated on disposals and write-offs	-	-	-	(9)	-	-	-	-	(9)
Reclassified to held for sale	-	(1,155)	-	-	-	-	-	-	(1,155)
Currency realignment	-	1	-	76	(360)	-	1	-	(282)
Balance at 31 March 2019	-	-	-	2,428	17,025	7	38	-	19,498
Net book value:									
Balance at 31 March 2019	10,459	94,667	6,879	13,124	91,807	2,807	18,773	35,348	273,864

11. Property, plant and equipment (cont'd)

	Freehold land and buildings S\$'000	Leasehold land and buildings S\$'000	Leasehold improve- ments S\$'000	Furniture, fixtures and equipment S\$'000	Machinery and equipment S\$'000	Motor vehicles S\$'000	Moulds and tools S\$'000	Construc- tion in progress S\$'000	Total S\$'000
The Group									
Cost:									
Balance at 1 April 2017	23,508	149,353	26,273	50,863	355,821	9,090	39,268	18,538	672,714
Additions	-	26,697	3,242	3,180	5,728	939	2,378	39,263	81,427
Disposals and write-offs	-	(4,538)	(5,293)	(7,116)	(45,303)	(1,805)	(380)	(1)	(64,436)
Reclassifications	-	2,801	-	1,128	29,885	-	2,863	(36,677)	-
Reclassified to held for sale	(9,923)	(13,083)	(1,151)	-	-	-	-	-	(24,157)
Currency realignment	673	660	(1,562)	(1,777)	(2,873)	105	(477)	210	(5,041)
Balance at 31 March 2018	14,258	161,890	21,509	46,278	343,258	8,329	43,652	21,333	660,507
Accumulated depreciation:									
Balance at 1 April 2017	6,860	36,244	14,460	35,557	248,887	7,321	26,105	-	375,434
Charge for the financial year	232	5,109	3,416	2,565	10,848	864	2,689	-	25,723
Eliminated on disposals and write-offs	-	(58)	(4,628)	(6,037)	(16,556)	(1,718)	(276)	-	(29,273)
Reclassified to held for sale	(3,974)	(11,496)	(1,109)	-	-	-	-	-	(16,579)
Currency realignment	83	121	(248)	(841)	(4,040)	(180)	(602)	-	(5,707)
Balance at 31 March 2018	3,201	29,920	11,891	31,244	239,139	6,287	27,916	-	349,598
Accumulated impairment loss:									
Balance at 1 April 2017	-	4,287	-	719	44,223	16	73	-	49,318
Charge for the financial year	-	-	-	2,354	2,993	-	-	-	5,347
Eliminated on disposals and write-offs	-	(4,479)	-	(703)	(28,639)	(8)	-	-	(33,829)
Currency realignment	-	192	-	(9)	(1,192)	(1)	(36)	-	(1,046)
Balance at 31 March 2018	-	-	-	2,361	17,385	7	37	-	19,790
Net book value:									
Balance at 31 March 2018	11,057	131,970	9,618	12,673	86,734	2,035	15,699	21,333	291,119
Balance at 1 April 2017	16,648	108,822	11,813	14,587	62,711	1,753	13,090	18,538	247,962

During the financial year, the Group recognised an impairment loss of S\$1,154,000 to align the carrying amount of certain leasehold property to its recoverable amount based on fair value determined by an independent appraiser.

11. Property, plant and equipment (cont'd)

During the financial year ended 31 March 2018, the Group carried out a review of the recoverable amount on certain property, plant and equipment items and an impairment loss of S\$5,347,000 was recognised to align the carrying amount to recoverable amount. The recoverable amount of the relevant assets has been determined on the basis of their value in use and the discount rate used in measuring value in use was 20%.

The impairment loss was included in other operating expenses (Note 5).

	Leasehold improvements S\$'000	Furniture, fixtures and equipment S\$'000	Motor vehicles S\$'000	Total S\$'000
The Company				
Cost:				
Balance at 1 April 2018	101	1,257	390	1,748
Additions	-	2	-	2
Disposals and write-offs	-	(3)	-	(3)
Balance at 31 March 2019	101	1,256	390	1,747
Accumulated depreciation:				
Balance at 1 April 2018	77	1,234	323	1,634
Charge for the financial year	20	8	17	45
Eliminated on disposals and write-offs	-	(3)	-	(3)
Balance at 31 March 2019	97	1,239	340	1,676
Net book value:				
Balance at 31 March 2019	4	17	50	71
Cost:				
Balance at 1 April 2017	101	1,254	390	1,745
Additions	-	3	-	3
Balance at 31 March 2018	101	1,257	390	1,748
Accumulated depreciation:				
Balance at 1 April 2017	57	1,227	289	1,573
Charge for the financial year	20	7	34	61
Balance at 31 March 2018	77	1,234	323	1,634
Net book value:				
Balance at 31 March 2018	24	23	67	114
Balance at 1 April 2017	44	27	101	172

11. Property, plant and equipment (cont'd)

	The Group		
	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000
Net book value of property, plant and equipment held under finance leases:			
Motor vehicles	561	146	140
Machinery and equipment	414	-	76

12. Interest in subsidiaries

	The Company		
	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000
Quoted equity shares, at cost	-	-	169,175
Unquoted equity shares, at cost	570,541	568,923	314,488
Allowance for impairment loss	(146,581)	(146,581)	(146,457)
	423,960	422,342	337,206

Details of the significant subsidiaries are set out in Note 37.

During the financial year, the Company carried out a review of the recoverable amount of its investment in subsidiaries. The estimated recoverable amount of a subsidiary was based on fair value less cost to sell, which was determined with reference to its net asset value. The Company estimated that the recoverable amount of certain subsidiaries were below its carrying value and accordingly the Company recognised an allowance for impairment loss of S\$Nil (2018: S\$124,000) in these subsidiaries.

During the financial year ended 31 March 2018, the Company increased its shareholdings in GP Batteries International Limited ("GP Batteries") from approximately 64.88% as at 30 September 2017 to 100% as at 31 December 2017 pursuant to a voluntary conditional cash offer for, and the consequential compulsory acquisition of, (the "Offer") all the issued ordinary shares of GP Batteries ("GP Batteries Shares"), other than the GP Batteries Shares already owned by the Company. GP Batteries was de-listed from the SGX-ST with effect from 27 December 2017.

12. Interest in subsidiaries (cont'd)

Details of non-wholly owned subsidiary that has material non-controlling interests are as follows:

Name of subsidiary	Place of incorporation and business	Effective percentage of equity and voting power held by the non-controlling interests			Profit allocated to non-controlling interests		Accumulated non-controlling interests		
		31 March 2019	31 March 2018	1 April 2017	2019	2018	31 March 2019	31 March 2018	1 April 2017
		%	%	%	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Zhongyin (Ningbo) Battery Co Ltd ⁽¹⁾	The People's Republic of China	30.00	30.00	-	15,264	11,054	69,270	65,961	-
Ningbo Fubang Battery Co Ltd ⁽¹⁾	The People's Republic of China	28.00	28.00	-	1,213	1,248	8,781	8,631	-
GP Batteries and subsidiaries ("GP Batteries Group") ⁽²⁾	Singapore	-	-	35.12	-	3,377	-	-	160,317
Intra-group elimination					-	(3,729)	-	-	-
Subsidiaries with immaterial non-controlling interests					394	283	8,735	9,029	2,244
					16,871	12,233	86,786	83,621	162,561

⁽¹⁾ Subsidiaries of GP Batteries.

⁽²⁾ Relates to non-controlling interests of GP Batteries before it became a 100%-owned subsidiary.

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests, before any intra-group elimination, is set out below:

	31 March 2019		31 March 2018		1 April 2017
	Zhongyin (Ningbo) Battery Co Ltd ⁽¹⁾	Ningbo Fubang Battery Co Ltd ⁽¹⁾	Zhongyin (Ningbo) Battery Co Ltd ⁽¹⁾	Ningbo Fubang Battery Co Ltd ⁽¹⁾	GP Batteries Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current assets	137,543	32,667	140,523	29,121	384,763
Non-current assets	214,366	8,675	173,594	9,685	284,225
Current liabilities	132,802	9,981	117,449	10,824	335,542
Non-current liabilities	-	-	-	-	26,381
Equity attributable to equity holders of the Company	153,375	22,580	137,668	20,147	146,748
Non-controlling interests	65,732	8,781	59,000	7,835	160,317
Dividend payable to non-controlling interests	3,538	-	6,961	796	-

12. Interest in subsidiaries (cont'd)

	2019		2018	
	Zhongyin (Ningbo) Battery Co Ltd ⁽¹⁾ S\$'000	Ningbo Fubang Battery Co Ltd ⁽¹⁾ S\$'000	Zhongyin (Ningbo) Battery Co Ltd ⁽¹⁾ S\$'000	Ningbo Fubang Battery Co Ltd ⁽¹⁾ S\$'000
Revenue	438,465	58,230	398,846	51,507
Profit attributable to:				
Equity holders of GP Batteries	35,614	3,120	25,794	3,210
Non-controlling interests	15,264	1,213	11,054	1,248
Profit for the financial year	50,878	4,333	36,848	4,458
Total comprehensive income attributable to:				
Equity holders of GP Batteries	32,220	2,431	28,779	3,463
Non-controlling interests	13,809	948	12,333	1,347
Total comprehensive income for the financial year	46,029	3,379	41,112	4,810
Dividends paid to non-controlling interests	10,500	796	6,281	1,193
Net cash generated from operating activities	48,654	4,166	27,977	12,600
Net cash used in investing activities	(39,416)	(375)	(54,636)	(654)
Net cash used in financing activities	(10,192)	(796)	(5,144)	(19,096)
Net (decrease) increase in cash and cash equivalents	(954)	2,995	(31,803)	(7,150)

⁽¹⁾ Subsidiaries of GP Batteries.

13. Interest in associates

	The Group			The Company		
	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000
Quoted equity shares, at cost	17,642	17,797	21,655	-	-	-
Unquoted equity shares, at cost	63,950	63,950	64,939	29,031	29,031	29,031
	81,592	81,747	86,594	29,031	29,031	29,031
Loan to associate	1,778	1,778	1,778	-	-	-
Share of post-acquisition reserves, net of dividend declared	179,180	172,046	170,335	-	-	-
Allowance for impairment loss	(10,982)	(10,982)	(10,982)	-	-	-
	251,568	244,589	247,725	29,031	29,031	29,031
Market value of quoted equity shares	34,779	53,838	43,246	-	-	-

Details of the significant associates are set out in Note 38.

The issued shares of one of the Group's associates are quoted. The shares of Meiloon Industrial Co., Ltd. ("Meiloon") are quoted on the Taiwan Stock Exchange Corporation.

As at 31 March 2019, 31 March 2018 and 1 April 2017, the market value of the Group's investment in Meiloon was higher than the corresponding carrying value in the Group's financial statements.

Loan to associate

As at 31 March 2019, for purpose of impairment assessment, the loan to associate is considered to have low credit risk as there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for the asset, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the financial position of the associate, adjusted for factors that are specific to the associate and general economic conditions of the industry in which the associate operates, in estimating the probability of default as well as the loss upon default. Management determined that the loan to associate is subject to immaterial credit loss.

13. Interest in associates (cont'd)

The Group's share of attributable profit of associates for the financial year is as follows:

	The Group	
	2019	2018
	S\$'000	S\$'000
Share of results	27,662	30,116
Share of taxation (Note 8)	(4,290)	(6,259)
Share of attributable profit	23,372	23,857

The following are the Group's material associates:

- i) Linkz Industries Limited ("Linkz") group of companies ("Linkz Group")
- ii) Meiloon group of companies ("Meiloon Group")

Summarised financial information in respect of each of the Group's material associates are as follows:

	Linkz Group	Meiloon Group
	S\$'000	S\$'000
2019		
Current assets	426,627	145,027
Non-current assets	301,955	101,850
Current liabilities	364,525	64,852
Non-current liabilities	22,584	33,802
Non-controlling interests	35,748	13,036
Equity attributable to equity holders of the associate	305,725	135,187
Revenue	589,200	153,351
Profit for the financial year	29,233	7,508
Other comprehensive income (loss) for the financial year	1,267	(3,692)
Total comprehensive income for the financial year	30,500	3,816
Change in net assets other than other comprehensive income (note a)	657	-
Dividend received from the associate during the financial year	3,804	2,332

Note:

- a) Being share-based payment surplus attributable to a share option scheme of a subsidiary of Linkz Group, which was listed on The Stock Exchange of Hong Kong Limited, during the financial year ended 31 March 2019.

13. Interest in associates (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	Linkz Group S\$'000	Meiloon Group S\$'000
2019		
Equity attributable to equity holders of the associate	305,725	135,187
Proportion of the Group's ownership	38.13%	20.27%
The Group's share of equity attributable to equity holders of the associate	116,573	27,398
Goodwill	-	6,626
Other adjustments	(414)	(38)
Carrying amount of the Group's interest in the associate	116,159	33,986

Summarised financial information in respect of each of the Group's material associates are as follows:

	Linkz Group S\$'000	Meiloon Group S\$'000
2018		
Current assets	420,190	146,264
Non-current assets	274,407	105,180
Current liabilities	322,556	64,102
Non-current liabilities	49,188	31,461
Non-controlling interests	29,471	14,003
Equity attributable to equity holders of the associate	293,382	141,878
Revenue	565,003	163,381
Profit for the financial year	32,674	15,944
Other comprehensive loss for the financial year	(7,855)	(10,430)
Total comprehensive income for the financial year	24,819	5,514
Change in net assets other than other comprehensive income (note b)	15,858	-
Dividend received from the associate during the financial year	3,840	-
Capital reduction received from the associate during the financial year	-	3,695

Note:

- b) Comprised mainly capital reserve and related surplus arising from the dilution of interest in a subsidiary of Linkz Group, which was listed on The Stock Exchange of Hong Kong Limited during the financial year ended 31 March 2018.

13. Interest in associates (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	Linkz Group S\$'000	Meiloon Group S\$'000
2018		
Equity attributable to equity holders of the associate	293,382	141,878
Proportion of the Group's ownership	38.13%	20.27%
The Group's share of equity attributable to equity holders of the associate	111,867	28,754
Goodwill	-	6,781
Other adjustments	(397)	(39)
Carrying amount of the Group's interest in the associate	111,470	35,496

Summarised financial information in respect of each of the Group's material associates are as follows:

	Linkz Group S\$'000	Meiloon Group S\$'000
1 April 2017		
Current assets	339,676	153,448
Non-current assets	217,465	100,002
Current liabilities	264,498	55,680
Non-current liabilities	23,763	28,980
Non-controlling interests	1,914	15,640
Equity attributable to equity holders of the associate	266,966	153,150

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	Linkz Group S\$'000	Meiloon Group S\$'000
1 April 2017		
Equity attributable to equity holders of the associate	266,966	153,150
Proportion of the Group's ownership	38.13%	20.27%
The Group's share of equity attributable to equity holders of the associate	101,794	31,038
Goodwill	-	6,944
Other adjustments	(436)	(39)
Carrying amount of the Group's interest in the associate	101,358	37,943

13. Interest in associates (cont'd)

Aggregate information of associates that are not individually material are as follows:

	2019	2018
	S\$'000	S\$'000
The Group's share of:		
Profit for the financial year	13,754	9,709
Other comprehensive (loss) income for the financial year	(2,931)	563
Total comprehensive income for the financial year	10,823	10,272

	31 March	31 March	1 April
	2019	2018	2017
	S\$'000	S\$'000	S\$'000
Aggregate carrying amount of the Group's interest in these associates	101,423	97,623	108,424

Unrecognised share of profit (losses) of associates are as follows:

	2019	2018	
	S\$'000	S\$'000	
For the financial year	196	(170)	
	31 March	31 March	1 April
	2019	2018	2017
	S\$'000	S\$'000	S\$'000
Cumulative share of losses	(182)	(378)	(208)

14. Financial assets at fair value through other comprehensive income / Available-for-sale financial assets

	The Group		
	31 March	31 March	1 April
	2019	2018	2017
	S\$'000	S\$'000	S\$'000
Non-current assets			
Investment in quoted equity shares	1,983	6,511	2,770
Investment in unquoted equity shares	1,682	3,272	3,521
	3,665	9,783	6,291
Current assets			
Structured deposits	-	4,170	-

14. Financial assets at fair value through other comprehensive income / Available-for-sale financial assets (cont'd)

Effective 1 April 2018, the Group has designated all investment in equity shares previously classified as available-for-sale financial assets as at 31 March 2018 as financial assets at FVTOCI. Such investments are not held for trading purposes. Dividend income recognised for these investments are included in other operating income.

The investment in quoted equity shares have no fixed maturity date or coupon rate. The fair value of the quoted equity shares was based on the quoted closing market prices on the last market day of the financial year.

The investment in unquoted equity shares represents investment in companies where the recoverability of investment is uncertain and dependent on the outcome of its activities. The fair values of these equity investments were derived using market approach.

Structured deposits represent a deposit placed and the return of the investment is dependent on the return of the underlying investments of the structured deposits. As at 31 March 2018, the carrying value of the structured deposits approximates its fair value.

15. Non-current receivables

During the financial year, the Company granted a S\$60,000,000 interest bearing loan to a subsidiary, with interest rates ranging from 4.1% to 4.8% per annum, which is receivable over a period of three years. Non-current receivables represent the amount of loan receivable from the subsidiary after one year from the date of the statement of financial position. The loan receivable of S\$14,400,000 due within a year is presented under receivables and prepayments (Note 18).

16. Intangible assets

	The Group	
	31 March 2019 S\$'000	31 March 2018 S\$'000
		1 April 2017 S\$'000
Goodwill	7,818	11,417
Other intangible assets	5,347	5,496
	13,165	16,913

16. Intangible assets (cont'd)**Goodwill**

	The Group	
	2019	2018
	S\$'000	S\$'000
Cost:		
Balance at beginning of the financial year	20,221	22,049
Amount written-off during the financial year	-	(282)
Currency realignment	657	(1,546)
Balance at end of the financial year	20,878	20,221
Accumulated impairment loss:		
Balance at beginning of the financial year	8,804	9,763
Charge for the financial year	3,967	-
Amount written-off during the financial year	-	(282)
Currency realignment	289	(677)
Balance at end of the financial year	13,060	8,804
Net book value:		
Balance at end of the financial year	7,818	11,417

The recoverable amounts of the cash generating units ("CGUs") are determined from value in use calculations. The key assumptions for value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the CGUs. The growth rates are based on industry growth forecasts or expected market development. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

During the financial year, the Group carried out a review of the recoverable amount of the CGUs of the batteries business, which are determined based on the value in use calculations using cash flow projections derived from most recent financial budget approved by management for the next year (2018 and 2017: one year) and extrapolates for the following four years (2018 and 2017: four years) based on average growth rates of approximately -0.5% to 9.3% (2018: -1.3% to 9.2%, 2017: -3.3% to 13.1%). Discount rates ranged from 12.3% to 15.8% (2018: 11.0% to 14.4%, 2017: 11.0% to 14.8%) were used to discount the cash flow forecast.

If management's estimate of discount rate increases or decreases by 1%, the aggregate amount of value in use would decrease by S\$17,372,000 (2018: S\$18,172,000, 2017: S\$16,979,000) or increase by S\$20,353,000 (2018: S\$21,668,000, 2017: S\$20,272,000) respectively.

16. Intangible assets (cont'd)

The review led to the recognition of allowances for impairment loss on goodwill attributable to the batteries business of S\$3,967,000 (2018: S\$Nil), which was included in other operating expenses (Note 5), and an aggregate carrying value of goodwill attributable to the CGUs of the batteries business as at 31 March 2019 amounted to S\$7,514,000 (2018: S\$11,123,000, 2017: S\$11,970,000).

As at 31 March 2019, based on the key assumptions and taking into account the sensitivity analysis above, management has determined that the recoverable amounts of the CGUs of the batteries business are appropriate. In addition, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs. Accordingly, no allowance or further allowance for impairment loss is required.

The remaining amount of goodwill of S\$304,000 (2018: S\$294,000, 2017: S\$316,000), mainly attributable to the CGUs of the automotive wire harness business, is insignificant.

Other Intangible Assets

	The Group Trademarks S\$'000
Cost:	
Balance at 1 April 2018	6,345
Currency realignment	206
Balance at 31 March 2019	6,551
Accumulated amortisation:	
Balance at 1 April 2018	849
Charge for the financial year	327
Currency realignment	28
Balance at 31 March 2019	1,204
Net book value:	
Balance at 31 March 2019	5,347

16. Intangible assets (cont'd)**Cost:**

Balance at 1 April 2017	194	6,828	7,022
Amount written-off during the financial year	(194)	-	(194)
Currency realignment	-	(483)	(483)
Balance at 31 March 2018	-	6,345	6,345

The Group		
Corporate club membership	Trademarks	Total
S\$'000	S\$'000	S\$'000

Accumulated amortisation:

Balance at 1 April 2017	-	572	572
Charge for the financial year	-	330	330
Currency realignment	-	(53)	(53)
Balance at 31 March 2018	-	849	849

Accumulated impairment loss:

Balance at 1 April 2017	194	-	194
Amount written-off during the financial year	(194)	-	(194)
Balance at 31 March 2018	-	-	-

Net book value:

Balance at 31 March 2018	-	5,496	5,496
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Balance at 1 April 2017	-	6,256	6,256
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17. Inventories

Raw materials	44,420	44,058	37,435
Work-in-progress	53,913	51,386	40,858
Finished goods	83,968	86,973	74,348
	182,301	182,417	152,641

The Group		
31 March 2019	31 March 2018	1 April 2017
S\$'000	S\$'000	S\$'000

The cost of inventories recognised as an expense includes S\$3,714,000 (2018: S\$2,688,000) in respect of write-downs of inventory to net realisable value and allowance for slow moving inventories, and has been reduced by S\$2,446,000 (2018: S\$2,749,000) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales price in certain markets and reduction in slow moving inventories for certain products.

18. Receivables and prepayments

	The Group			The Company		
	31 March	31 March	1 April	31 March	31 March	1 April
	2019	2018	2017	2019	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables:						
Third parties	148,353	145,693	164,614	-	-	-
Associates (note a)	16,208	11,320	8,349	-	-	-
Less: Allowance for expected credit losses:						
Third parties	(4,181)	(4,897)	(8,365)	-	-	-
Associates	-	(47)	-	-	-	-
	160,380	152,069	164,598	-	-	-
Other receivables:						
Third parties	33,562	22,680	18,963	-	1	3
Associates (note a)	717	653	659	-	-	-
Subsidiaries (note b)	-	-	-	15,665	1,221	3,448
Less: Allowance for expected credit losses:						
Third parties	(235)	(228)	(244)	-	-	-
Associates	-	-	(252)	-	-	-
	34,044	23,105	19,126	15,665	1,222	3,451
Deposits and prepayments	27,981	25,077	26,564	3,068	2,565	2,548
	222,405	200,251	210,288	18,733	3,787	5,999

Note:

- The amounts due from associates are unsecured, non-interest bearing and repayable on demand.
- The amounts due from subsidiaries as at 31 March 2019 included the current portion of an interest bearing loan receivable from a subsidiary amounting to S\$14,400,000 (2018 and 2017: S\$Nil) (Note 15).

Trade receivables are generally non-interest bearing with credit terms of up to 90 days (2018: 90 days). The Group closely monitors the credit quality of its trade receivables. For receivables that are not past due, they are considered collectible and accordingly not impaired. Interest may be charged on past due trade receivables.

18. Receivables and prepayments (cont'd)

Movement in lifetime ECL that has been recognised for trade receivables under the simplified approach:

	The Group		Total S\$'000
	Lifetime ECL (not credit- impaired) S\$'000	Lifetime ECL (credit- impaired) S\$'000	
Balance at 31 March 2018, as previously reported	2,426	2,518	4,944
Adoption of SFRS(I) 9	667	-	667
Balance at 1 April 2018, as restated	3,093	2,518	5,611
Allowance for (Write-back of) expected credit losses for the financial year, net	405	(300)	105
Amount utilised	(993)	(484)	(1,477)
Currency realignment	(76)	18	(58)
Balance at 31 March 2019	<u>2,429</u>	<u>1,752</u>	<u>4,181</u>

As at 31 March 2019, a specific allowance of S\$235,000 for expected credit losses were provided against other receivables.

Other receivables of the Company consists mainly of non-trade advances to subsidiaries. For the purpose of impairment assessment, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of the amount due from subsidiaries as well as the loss upon default. Management determined that the default risk for the amount due from subsidiaries are low with immaterial credit loss.

Previous accounting policy for allowance for doubtful receivables

As at 31 March 2018, included in allowance for doubtful receivables were specific allowance against trade receivables and other receivables of S\$1,568,000 and S\$228,000 respectively (2017: S\$1,452,000 and S\$496,000 respectively). The allowance for doubtful receivables recognised represented the difference between the carrying amount of the related receivables and the present value of the collectible amount. Such receivables were individually impaired either because a debt was significantly past due and the debtor did not respond to repayment demands, or there were circumstances that indicated a debtor might not be able to honour its obligations when the debt was due. The Group does not hold any collateral over these receivables.

18. Receivables and prepayments (cont'd)

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

	The Group	
	2018	2017
	S\$'000	S\$'000
Past due 1 to 60 days	16,641	19,385
Past due 61 to 90 days	3,933	2,909
Past due 91 to 120 days	2,723	3,093
Past due more than 120 days	2,400	5,674
	<u>25,697</u>	<u>31,061</u>

The Group has not provided for any impairment loss allowance in respect of the above-mentioned receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The age analysis of non-trade related receivables that are past due but not impaired is as follows:

	The Group	
	2018	2017
	S\$'000	S\$'000
Past due 1 to 60 days	1,707	6,023
Past due 61 to 90 days	254	55
Past due 91 to 120 days	179	16
Past due more than 120 days	2,681	1,997
	<u>4,821</u>	<u>8,091</u>

The Group has not provided for any impairment loss allowance in respect of the above-mentioned receivables as the amounts are still considered recoverable. The Group does not hold any collateral over these receivables.

Movements in the allowance for doubtful receivables for the financial year ended 31 March 2018 are as follows:

	The Group
	2018
	S\$'000
Balance at beginning of the financial year	8,861
Write-back for the financial year, net	(2,962)
Amount utilised	(587)
Currency realignment	(140)
Balance at end of the financial year	<u>5,172</u>

Allowance for doubtful receivables as at 31 March 2018 comprised doubtful trade receivables and doubtful other receivables of S\$4,944,000 (2017: S\$8,365,000) and S\$228,000 (2017: S\$496,000) respectively.

19. Derivative financial instruments

	The Group			The Company		
	31 March	31 March	1 April	31 March	31 March	1 April
	2019	2018	2017	2019	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current assets</u>						
Forward foreign exchange contracts	15	17	-	-	-	-
Cross currency swaps	-	226	-	-	-	-
	15	243	-	-	-	-
<u>Current liabilities</u>						
Forward foreign exchange contracts	14	-	-	-	-	-
<u>Non-current liabilities</u>						
Interest rate swaps	356	-	-	356	-	-

Forward foreign exchange contracts

The Group uses forward foreign exchange contracts to manage its exchange rate exposures.

As at 31 March 2019, major terms of the forward foreign exchange contracts are as follows:

Notional amount	Maturity	Exchange rate
Sell USD2,000,000	8 April 2019	USD/RMB 6.7300
Sell USD6,000,000	23 April 2019	USD/RMB 6.7300
Sell USD3,000,000	30 April 2019	USD/RMB 6.7015
Sell USD5,000,000	30 April 2019	USD/RMB 6.7432
Sell USD2,000,000	30 April 2019	USD/RMB 6.7180
Sell USD2,000,000	31 May 2019	USD/RMB 6.7000
Sell USD5,000,000	31 May 2019	USD/RMB 6.7475
Sell USD3,000,000	31 May 2019	USD/RMB 6.7115
Sell USD3,000,000	28 June 2019	USD/RMB 6.7217
Sell USD3,000,000	28 June 2019	USD/RMB 6.7245
Sell USD4,000,000	28 June 2019	USD/RMB 6.7328

As at 31 March 2018, major terms of the forward foreign exchange contracts are as follows:

Notional amount	Maturity	Exchange rate
Buy USD2,000,000	17 April 2018	USD/RMB 6.3500
Buy USD1,400,000	24 April 2018	USD/RMB 6.3500
Buy USD1,000,000	11 April 2018	USD/HKD 7.8160
Buy USD2,000,000	16 April 2018	USD/HKD 7.8150
Buy USD1,000,000	24 April 2018	USD/HKD 7.8130

19. Derivative financial instruments (cont'd)Cross currency swaps

During the financial year ended 31 March 2018, the Group used cross currency swaps to manage the foreign currency exposures arising from the principal outstanding and interest payments of its RMB denominated notes. As at 31 March 2018, major terms of the cross currency swap contracts are as follows:

Notional amount	Maturity	Exchange rate	Receive	Pay
RMB'000				
30,000	24 April 2018	HKD/RMB 1.2218	4.80% in RMB	2.50% in HKD
35,446	13 June 2018	HKD/RMB 1.2394	5.10% in RMB	2.95% in HKD
29,963	27 June 2018	HKD/RMB 1.2484	5.10% in RMB	3.44% in HKD

Interest rate swaps

During the financial year, the Group and the Company used interest rate swaps ("IRS") to hedge part of the interest rate exposures arising from its S\$150 million floating rate term loan obtained by the Company during the financial year. As at 31 March 2019, major terms of the IRS agreements are as follows:

Notional amount	Maturity	Receive floating	Pay fixed
S\$'000			
24,600	24 May 2021	3-month S\$ Swap Offer Rate ("SOR")	2.110%
24,600	24 May 2021	3-month S\$ SOR	2.270%
24,600	24 May 2021	3-month S\$ SOR	2.155%

The notional amount of each of these IRS will reduce proportionally according to the repayment schedule of the hedged term loan. These IRS are designated as cash flow hedging instruments.

20. Bank balances, deposits and cash

Included in the Group's bank balances, deposits and cash as at 31 March 2019 are time deposits amounted to S\$Nil (2018: S\$20,489,000, 2017: S\$Nil) in aggregate, placed with a bank in the PRC.

The carrying amounts of these assets approximate their fair values.

21. Trade and other payables

	The Group			The Company		
	31 March	31 March	1 April	31 March	31 March	1 April
	2019	2018	2017	2019	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables:						
Third parties	131,977	150,684	134,296	-	-	-
Associates	19,121	20,644	22,552	-	-	-
Other payables:						
Third parties	17,592	35,715	30,929	107	491	6
Amount due to ultimate holding company	4,530	9,845	-	-	173	-
Associates	174	425	75	-	-	-
Subsidiaries	-	-	-	3,062	1,819	909
Accrued charges	99,341	40,760	40,179	2,868	1,641	958
	272,735	258,073	228,031	6,037	4,124	1,873

Trade payables have credit terms of up to 90 days (2018: 90 days).

The Company's immediate and ultimate holding company is Gold Peak Industries (Holdings) Limited ("Gold Peak"), incorporated in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") and listed on The Stock Exchange of Hong Kong Limited. The amounts due to Gold Peak are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

22. Contract liabilities

Contract liabilities are mainly advance payment received from customers. There were no significant change in the contract liabilities balances during the reporting period. The amount of revenue recognised in the current reporting period which relates to brought-forward contract liabilities is S\$5,914,000.

23. Obligations under finance leases

	Minimum lease payments			Present value of minimum lease payments		
	31 March	31 March	1 April	31 March	31 March	1 April
	2019	2018	2017	2019	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group						
Amounts payable under finance leases:						
Within one year	248	55	192	219	40	87
Within two to five years	630	72	106	564	63	94
	878	127	298	783	103	181
Less: Future finance lease charges	(95)	(24)	(117)	-	-	-
Present value of finance lease obligations	783	103	181	783	103	181
Less: Amount due within twelve months as shown under current liabilities				(219)	(40)	(87)
Amount due for settlement after twelve months				564	63	94

The initial lease terms are five years (2018: five years).

The fair value of the Group's lease obligations approximates their carrying amount.

24. Bank and other loans

	The Group			The Company		
	31 March	31 March	1 April	31 March	31 March	1 April
	2019	2018	2017	2019	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current liabilities						
(unsecured)						
Current portion of long-term bank loans	113,143	84,138	72,517	60,238	40,114	26,303
Current portion of loan from an equipment lease company	2,256	4,000	4,984	-	-	-
Short-term bank loans	183,580	179,682	105,186	34,870	33,190	-
Import and export loans	22,445	31,949	21,265	-	-	-
	321,424	299,769	203,952	95,108	73,304	26,303
Non-current liabilities						
(unsecured)						
Long-term bank loans due after one year	176,713	113,489	123,927	131,809	104,959	95,522
Loan from an equipment lease company due after one year	1,100	3,213	7,765	-	-	-
	177,813	116,702	131,692	131,809	104,959	95,522
	499,237	416,471	335,644	226,917	178,263	121,825

As at 31 March 2019, bank loans of the Company amounting to S\$192,047,000 (2018: S\$145,073,000, 2017: S\$121,825,000) were guaranteed by certain subsidiaries of the Company.

24. Bank and other loans (cont'd)Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Note	At 1 April 2018 S\$'000	Financing cash flows S\$'000	Non-cash changes		At 31 March 2019 S\$'000
				Foreign exchange movement S\$'000	Others ⁽³⁾ S\$'000	
Finance leases	23	103	(200) ⁽¹⁾	8	872	783
Bank and other loans	24	416,471	79,985 ⁽²⁾	2,781	-	499,237
Notes	25	19,892	(20,758) ⁽¹⁾	548	318	-
		436,466	59,027	3,337	1,190	500,020

	Note	At 1 April 2017 S\$'000	Financing cash flows S\$'000	Non-cash changes		At 31 March 2018 S\$'000
				Foreign exchange movement S\$'000	Others ⁽³⁾ S\$'000	
Finance leases	23	181	(182) ⁽¹⁾	12	92	103
Bank and other loans	24	335,644	90,722 ⁽²⁾	(9,895)	-	416,471
Notes	25	-	19,892 ⁽¹⁾	-	-	19,892
		335,825	110,432	(9,883)	92	436,466

⁽¹⁾ Being repayment of finance lease and net (payment) proceeds from (redemption) issuance of notes in the consolidated statement of cash flows respectively.

⁽²⁾ The cash flow comprises the following items shown in the consolidated statement of cash flows:

	2019 S\$'000	2018 S\$'000
Drawdown of long-term bank and other loans	249,395	73,778
Repayment of long-term bank and other loans	(161,798)	(74,829)
(Repayment) Drawdown of short-term bank loans, net	(7,612)	91,773
	79,985	90,722

⁽³⁾ Includes new finance leases and interest adjustments.

25. Notes

As at 31 March 2018, details of the unsecured fixed rate notes denominated in Renminbi with an aggregate principal amount of S\$19,892,000 (equivalent to RMB95,409,000) are as follows:

Date of issue	Date of redemption	Interest rate	Principal RMB'000
24 January 2018	24 April 2018	4.8%	30,000
13 March 2018	13 June 2018	5.1%	35,446
27 March 2018	27 June 2018	5.1%	29,963
			<u>95,409</u>

26. Deferred tax assets and deferred tax liabilities

Movements in the deferred tax assets and deferred tax liabilities recognised by the Group are as follows:

	Accelerated tax depreciation S\$'000	Revaluation of investment property S\$'000	Tax losses S\$'000	Other temporary differences, net S\$'000	Total S\$'000
The Group					
<u>Deferred tax assets</u>					
Balance at 1 April 2018	1,481	-	399	1,780	3,660
Credit (Charge) to profit or loss for the financial year	307	-	120	(162)	265
Currency realignment	(97)	-	(23)	77	(43)
Balance at 31 March 2019	<u>1,691</u>	<u>-</u>	<u>496</u>	<u>1,695</u>	3,882
Balance at 1 April 2017	992	-	373	2,184	3,549
Credit (Charge) to profit or loss for the financial year	455	-	-	(192)	263
Currency realignment	34	-	26	(212)	(152)
Balance at 31 March 2018	<u>1,481</u>	<u>-</u>	<u>399</u>	<u>1,780</u>	<u>3,660</u>

26. Deferred tax assets and deferred tax liabilities (cont'd)

	Accelerated tax depreciation S\$'000	Revaluation of investment property S\$'000	Tax losses S\$'000	Other temporary differences, net S\$'000	Total S\$'000
The Group					
<u>Deferred tax liabilities</u>					
Balance at 1 April 2018	161	151	-	3,117	3,429
Charge (Credit) to profit or loss for the financial year	705	-	-	(412)	293
Currency realignment	10	5	-	102	117
Balance at 31 March 2019	876	156	-	2,807	3,839
Balance at 1 April 2017	1,472	163	-	2,200	3,835
(Credit) Charge to profit or loss for the financial year	(1,260)	-	-	1,117	(143)
Currency realignment	(51)	(12)	-	(200)	(263)
Balance at 31 March 2018	161	151	-	3,117	3,429

As at 31 March 2019, subsidiaries of the Group had potential tax benefits of approximately S\$32,728,000 (2018: S\$47,699,000, 2017: S\$59,949,000) arising from unutilised tax losses, unabsorbed wear and tear allowances and other temporary differences, which were available for set off against future taxable profits. These potential tax benefits were not recognised in the financial statements due to the uncertainty of its recoverability. The use of these potential tax benefits is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Unutilised tax losses include losses of S\$23,349,000 (2018: S\$71,036,000, 2017: S\$81,195,000) for subsidiaries operating in certain foreign tax jurisdiction that will expire within five years.

27. Issued capital, treasury shares and dividends

a) Issued capital

	Group and Company			
	2019	2018	2019	2018
	Number of ordinary shares		S\$'000	S\$'000
Issued and fully paid up:				
At beginning and end of the financial year	521,358,482	521,358,482	286,307	286,307

Fully paid ordinary shares of the Company ("Shares"), which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

b) Treasury shares

	Group and Company			
	2019	2018	2019	2018
	Number of ordinary shares		S\$'000	S\$'000
At beginning of the financial year	36,889,300	36,889,300	20,585	20,585
On-market purchases	422,500	-	280	-
At end of the financial year	37,311,800	36,889,300	20,865	20,585

Treasury shares are Shares that are held by the Company. The Company cannot exercise the voting rights in respect of the treasury shares and the treasury shares are not entitled to dividend or other distribution to be paid by the Company.

During the financial year ended 31 March 2019, the Company purchased 422,500 of its Shares by way of on-market purchases at share prices ranging from S\$0.595 to S\$0.710. The Company did not purchase any of its Shares during the financial year ended 31 March 2018.

c) Dividends

	Group and Company	
	2019	2018
	S\$'000	S\$'000
i) Dividends paid during the financial year are as follows:		
Final tax-exempt (1-tier) dividend of 1.75 Singapore cents ("S cents") per Share for the financial year ended 31 March 2018	8,478	-
Final tax-exempt (1-tier) dividend of 1.50 S cents per Share for the financial year ended 31 March 2017	-	7,267
Interim tax-exempt (1-tier) dividend of 1.25 S cents per Share for the financial year ended 31 March 2019	6,055	-
Interim tax-exempt (1-tier) dividend of 1.25 S cents per Share for the financial year ended 31 March 2018	-	6,056
	14,533	13,323

27. Issued capital, treasury shares and dividends (cont'd)

	Group and Company	
	2019	2018
	S\$'000	S\$'000
ii) Dividends proposed before these financial statements were authorised and not included as liabilities in these financial statements are as follows:		
Final tax-exempt (1-tier) dividend of 2.25 S cents per Share for the financial year ended 31 March 2019 (2018: 1.75 S cents)	10,891	8,478

The proposed dividend amount in respect of the financial year ended 31 March 2019 of S\$10,891,000 was based on 484,046,682 issued Shares (excluding treasury shares) as at 28 May 2019. The proposed dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

The proposed dividend amount in respect of the financial year ended 31 March 2018 of S\$8,478,000 was based on 484,469,182 issued Shares (excluding treasury shares) as at 28 May 2018. The said dividend was approved by the shareholders at the annual general meeting of the Company held on 30 July 2018 and was paid in August 2018.

28. Lease commitments***The Group as lessee***

	The Group		The Company	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Minimum lease payments paid under operating leases recognised as an expense:				
Related companies	-	1,914	-	-
Third parties	10,949	8,512	181	181
	10,949	10,426	181	181

	The Group			The Company		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Outstanding commitments under non-cancellable operating leases falling due:						
Within one year	9,075	12,213	13,141	393	393	393
Within two to five years	11,308	15,690	31,744	32	425	818
After five years	-	14	2,446	-	-	-
	20,383	27,917	47,331	425	818	1,211

Operating lease payments represent rentals payable by the Group for rental of office and factory premises, motor vehicles and plant and machinery. Leases are negotiated for lease terms of between one year and fifteen years.

28. Lease commitments (cont'd)***The Group as lessor***

The Group rents out certain of its properties under operating leases. The Group has contracted with tenants for the following future minimum lease payments:

	The Group		
	31 March	31 March	1 April
	2019	2018	2017
	S\$'000	S\$'000	S\$'000
Within one year	223	409	393
Within two to five years	574	666	718
After five years	48	198	330
	845	1,273	1,441

29. Capital commitments

	The Group			The Company		
	31 March	31 March	1 April	31 March	31 March	1 April
	2019	2018	2017	2019	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Capital expenditure:						
Commitments for the acquisition of property, plant and equipment	3,029	3,408	14,997	-	-	-

30. Contingent liabilities (unsecured)

	The Group			The Company		
	31 March	31 March	1 April	31 March	31 March	1 April
	2019	2018	2017	2019	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Guarantees given to certain banks in respect of banking facilities utilised by:						
Subsidiaries	-	-	-	202,030	72,897	38,324
Associates	-	-	209	-	-	209
Others	1,355	1,312	1,394	-	-	-

The maximum amount the Group and the Company could become liable is as shown above.

The financial effects relating to financial guarantee contracts issued by the Company are insignificant to the financial statements of the Company and therefore are not recognised.

31. Segment information

The Group's businesses are organised into four segments based on the types of products that they provide, as follows:

Batteries

GP Batteries manufactures, develops and markets batteries and battery-related products.

Electronics and acoustics

The Group designs, manufactures and sells professional audio products and KEF brand loudspeakers and related products. Associates of this business segment are mainly engaged in the manufacturing of high precision parts and components used in electronics products.

Automotive wire harness

The Group manufactures and sells automotive wire harness products.

Other industrial investments

Comprises mainly the Group's associates, Linkz and Meiloon.

The executive directors of the Company, who are the chief operating decision makers, and management monitor the results of these business segments for the purpose of making decisions about resource allocation and performance assessment. The reportable segments apply the Group's accounting policies as described in Note 2. Segment performance is evaluated based on the Group's share of profit before taxation contributed by each business segment and after allocation of central administrative costs. Investment related finance cost and income taxes, which are managed on a group basis, are not allocated to the business segments.

31. Segment information (cont'd)

Information regarding the Group's operating segments is presented below.

a) Operating segments

	Batteries S\$'000	Electronics and acoustics S\$'000	Automotive wire harness S\$'000	Other industrial investments S\$'000	Elimination S\$'000	Total S\$'000
2019						
Revenue						
External revenue	871,800	254,788	40,554	-	-	1,167,142
Inter-segment revenue	99	5	-	-	(104)	-
Total revenue	871,899	254,793	40,554	-	(104)	1,167,142
Results						
Contribution before taxation	33,444	12,292	1,875	8,331	-	55,942
Assets and liabilities						
Assets	779,982	280,441	25,042	150,246	(1,159)	1,234,552
Liabilities	433,183	158,732	7,355	30	(1,159)	598,141
Other information						
Interest income	1,541	343	8	-	-	1,892
Finance costs	12,823	1,822	3	-	-	14,648
Share of results of associates	2,699	12,743	-	12,220	-	27,662
Depreciation and amortisation	21,711	4,954	535	-	-	27,200
Impairment loss on goodwill	3,967	-	-	-	-	3,967
Impairment loss on property, plant and equipment	1,154	-	-	-	-	1,154
Interest in associates	47,420	54,003	-	150,145	-	251,568
Additions to property, plant and equipment	47,355	2,950	491	-	-	50,796

31. Segment information (cont'd)

	Batteries S\$'000	Electronics and acoustics S\$'000	Automotive wire harness S\$'000	Other industrial investments S\$'000	Elimination S\$'000	Total S\$'000
2018						
Revenue						
External revenue	824,939	229,936	44,829	-	-	1,099,704
Inter-segment revenue	-	19	-	-	(19)	-
Total revenue	824,939	229,955	44,829	-	(19)	1,099,704
Results						
Contribution before taxation	19,634	9,996	3,969	14,402	-	48,001
Assets and liabilities						
Assets	758,670	227,362	27,358	147,031	(1,051)	1,159,370
Liabilities	421,064	92,485	9,659	33	(1,051)	522,190
Other information						
Interest income	1,088	81	5	-	-	1,174
Finance costs	8,642	1,197	37	-	-	9,876
Share of results of associates	1,376	10,949	-	17,791	-	30,116
Depreciation and amortisation	20,054	5,366	633	-	-	26,053
Impairment loss on property, plant and equipment	5,347	-	-	-	-	5,347
Interest in associates	48,291	49,332	-	146,966	-	244,589
Additions to property, plant and equipment	75,091	5,824	512	-	-	81,427
1 April 2017						
Assets and liabilities						
Assets	663,083	251,324	29,053	138,686	(3,829)	1,078,317
Liabilities	356,376	81,614	13,118	532	(3,829)	447,811
Other information						
Interest in associates	52,722	55,702	-	139,301	-	247,725

31. Segment information (cont'd)

Reconciliation of the operating segment results, interest income, finance costs, assets and liabilities are provided as follows:

	2019	2018
	S\$'000	S\$'000
Results		
Contribution before taxation per reportable segments	55,942	48,001
Unallocated finance costs, net	(10,850)	(7,133)
Taxation	(18,260)	(21,457)
Taxation attributable to non-controlling interests' share of results	2,325	3,815
Profit attributable to equity holders of the Company	29,157	23,226
Interest income		
Per reportable segments	1,892	1,174
Unallocated interest income	127	82
Per consolidated financial statements	2,019	1,256
Finance costs		
Per reportable segments	14,648	9,876
Unallocated finance costs	10,977	7,215
Per consolidated financial statements	25,625	17,091
31 March 2019	31 March 2018	1 April 2017
S\$'000	S\$'000	S\$'000
Assets		
Per reportable segments	1,234,552	1,159,370
Other unallocated assets	7,656	9,439
Per consolidated financial statements	1,242,208	1,168,809
Liabilities		
Per reportable segments	598,141	522,190
Unallocated bank loans and finance lease obligations	177,717	178,263
Other unallocated liabilities	11,052	7,999
Per consolidated financial statements	786,910	708,452

31. Segment information (cont'd)

b) Geographical information

Revenue analysed by the location of the customers or the shipment destination, where appropriate, is as follows:

	2019	2018
	S\$'000	S\$'000
Singapore	8,758	8,096
PRC	466,223	432,317
Other Asian countries	77,025	83,004
Asia	552,006	523,417
Germany, Netherlands, Russia and United Kingdom	124,594	123,778
Other European countries	185,255	155,796
Europe	309,849	279,574
United States of America	244,917	243,184
Other American countries	44,120	36,997
America	289,037	280,181
Others	16,250	16,532
Revenue	1,167,142	1,099,704

Non-current assets analysed by the geographical location in which the assets are located is as follows:

	31 March	31 March	1 April
	2019	2018	2017
	S\$'000	S\$'000	S\$'000
Singapore	321	435	502
PRC	472,684	480,532	457,303
Other Asian countries	49,564	51,105	40,949
Europe	16,559	21,857	22,899
America and others	920	319	430
	540,048	554,248	522,083

Non-current assets comprise investment properties, property, plant and equipment, interest in associates, deposits and prepayments and intangible assets.

- c) No customer individually contributed more than 10% of the Group's revenue for the financial years ended 31 March 2019 and 2018.

32. Related party transactions, commitments and balances

Related companies in these financial statements refer to members of the ultimate holding company's group of companies, other than the Company and its subsidiaries.

Transactions between the Company and its subsidiaries, and among its subsidiaries, have been eliminated on consolidation and are not disclosed in this note.

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant transactions and commitments with related parties on terms agreed between the parties as follows:

	The Group			
	Associates		Related companies	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Sales	24,905	25,680	40	56
Purchases	(87,132)	(95,648)	-	-
Rental income	361	362	49	49
Royalty income	225	183	-	-
Outsourcing fee	(292)	(326)	-	-
Consultancy fee	(93)	-	-	-
Commission expenses	-	(17)	-	-
Rental commitments as lessee under non-cancellable operating leases falling due:				
Within one year	-	3	-	1,741
Within two to five years	-	7	-	452
Rental commitments as lessor under non-cancellable operating leases falling due:				
Within one year	190	318	33	50
Within two to five years	574	633	-	33
After five years	48	198	-	-

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company have dividend receivable from related parties as at the end of the financial year as follows:

	The Group			The Company		
	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000
Associates	4,723	4,771	1,255	2,134	2,263	1,255
Subsidiaries	-	-	-	12,082	18,948	20,352
	4,723	4,771	1,255	14,216	21,211	21,607

32. Related party transactions, commitments and balances (cont'd)

The remuneration of key management personnel is as follows:

	The Group	
	2019	2018
	S\$'000	S\$'000
Short-term benefits (including directors' fees)	7,546	7,900
Post-employment benefits	281	295
	7,827	8,195

33. Adoption of a new financial reporting framework and revised financial reporting standardsAdoption of a new financial reporting framework

Singapore-incorporated companies listed on the SGX-ST are required to apply a new financial reporting framework, the SFRS(I), that is identical to the International Financial Reporting Standards, for annual periods beginning on or after 1 January 2018. The Group and the Company has adopted SFRS(I) on 1 April 2018. The financial statements for the financial year ended 31 March 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with FRS.

In adopting SFRS(I), the Group applied relevant transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* ("SFRS(I) 1"). The Group and the Company have applied retrospectively accounting policies based on each SFRS(I) effective as at end of their first SFRS(I) reporting period (i.e. the financial year ended 31 March 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1.

The Group's and the Company's opening statement of financial position under SFRS(I) has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I), together with related notes.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to SFRS(I) in accordance with SFRS(I) 1.

33. Adoption of a new financial reporting framework and revised financial reporting standards (cont'd)Adoption of revised financial reporting standards

The impact of adoption of SFRS(I) 9 and SFRS(I) 15 effective from 1 April 2018 is as follows:

a) Adoption of SFRS(I) 15

The Group has presented contract liabilities separately and the comparative figures have been restated.

A reconciliation of the Group's consolidated statement of financial position as a result of the changes mentioned above is as follows:

	Reported under FRS S\$'000	Effects of adoption of SFRS(I) 15 S\$'000	Restated under SFRS(I) S\$'000
<u>As at 31 March 2018</u>			
Trade and other payables	263,987	(5,914)	258,073
Contract liabilities	-	5,914	5,914
<u>As at 1 April 2017</u>			
Trade and other payables	232,946	(4,915)	228,031
Contract liabilities	-	4,915	4,915

b) Adoption of SFRS(I) 9

The Group has elected to apply the short-term exemption under SFRS(I) 1, which exempt the Group from applying SFRS(I) 9 to comparative information. The effect of adoption of SFRS(I) 9 on the Group is as follows:

- i) The Group has elected to measure its investment in quoted equity shares of S\$6,511,000, previously carried at fair value, at FVTOCI under SFRS(I) 9. Upon adoption of SFRS(I) 9, the available-for-sale ("AFS") financial assets reserve surplus of S\$4,642,000 at 31 March 2018 was transferred to fair value reserve on 1 April 2018. In addition, cumulative impairment charge of S\$412,000 previously recognised in profit or loss were reclassified from retained earnings to fair value reserve on 1 April 2018.
- ii) The Group has elected to measure its investment in unquoted equity shares of S\$3,272,000, previously carried at cost less impairment, at FVTOCI under SFRS(I) 9. Upon adoption of SFRS(I) 9, a fair value deficit of S\$257,000 was recognised in the fair value reserve on 1 April 2018.
- iii) Upon adoption of SFRS(I) 9, the Group recognised additional impairment loss allowance against trade receivables of S\$667,000 on 1 April 2018.
- iv) The Group has elected to reclassify structured deposits of S\$4,170,000, previously classified as available-for-sale financial assets carried at fair value, to financial assets at FVTPL, as the cash flow of these investments do not meet the SFRS(I) 9 criteria as solely for payments of principal and interest on the principal amount of outstanding.

33. Adoption of a new financial reporting framework and revised financial reporting standards (cont'd)

A reconciliation of the Group's consolidated statement of financial position as a result of the changes mentioned above is as follows:

	Trade receivables, net of allowance for ECL S\$'000	AFS financial assets, non- current S\$'000	AFS financial assets, current S\$'000	Financial assets at FVTOCI S\$'000	Financial assets at FVTPL S\$'000	AFS financial assets reserve S\$'000	Fair value reserve S\$'000	Retained profits S\$'000
Balance at 31 March 2018, as previously reported	152,069	9,783	4,170	-	-	4,642	-	150,055
Reclassification of AFS financial assets and transfer of reserves	-	(6,511)	-	6,511	-	(4,642)	4,230	412
Reclassification of AFS financial assets and fair value adjustment	-	(3,272)	-	3,015	-	-	(257)	-
Impairment loss allowance	(667)	-	-	-	-	-	-	(667)
Reclassification of structured deposits	-	-	(4,170)	-	4,170	-	-	-
Balance at 1 April 2018, as restated	151,402	-	-	9,526	4,170	-	3,973	149,800

34. New and revised financial reporting standards

At the date of authorisation of these financial statements, the following SFRS(I), amendments to SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to the Group and the Company were issued:

- SFRS(I) 16 *Leases* ⁽¹⁾
- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* ⁽²⁾
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments* ⁽¹⁾
- Annual Improvements to SFRS(I) 2015-2017 Cycle ⁽¹⁾

⁽¹⁾ Applies to annual periods beginning on or after 1 January 2019.

⁽²⁾ Application has been deferred indefinitely.

34. New and revised financial reporting standards (cont'd)

Management anticipates that the adoption of the above standards in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

SFRS(I) 16 Leases

SFRS(I) 16 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

SFRS(I) 16 will take effect from financial years beginning on or after 1 January 2019. The Group intends to apply the modified retrospective approach, without restating prior years' information.

As at 31 March 2019, the Group and the Company have non-cancellable operating lease commitments as disclosed in Note 28 that may result in the recognition of an asset and a liability for future payments. The Group is currently finalising the transition adjustments.

35. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical Judgements in Applying the Group's Accounting Policies

Apart from those involving estimations (see below), management is of the view that there are no critical judgements that have a significant effect on the amounts recognised in the financial statements.

Key Sources of Estimation Uncertainty

In addition to the estimates and underlying assumptions mentioned elsewhere in the financial statements, the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Depreciation of Property, Plant and Equipment

Depreciation is provided to write off the cost or valuation of property, plant and equipment over their useful lives, estimated by management, using the straight-line method. Details of the carrying amount of property, plant and equipment are stated in Note 11.

35. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Impairment of Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss. Details of the carrying amount of property, plant and equipment and intangible assets are stated in Notes 11 and 16 respectively.

Impairment of the Company's Investment in Subsidiaries and Associates

The Company's investment in subsidiaries and associates is reviewed for impairment whenever there is any indication that the investment may be impaired. The amount of impairment loss allowance provided during the financial year, the basis of estimating the recoverable amount and the carrying value of the investment in subsidiaries and associates are stated in Notes 12 and 13 respectively.

Allowance for expected credit losses

The Group use provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings for each grouping of debtors that have similar credit risk characteristics. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable, and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, certain material balances of trade receivables and those credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 18 and 36.

Impairment of Goodwill

The Group estimates the value in use of the cash-generating units to which the goodwill is allocated in determining whether goodwill requires any impairment. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Details of the carrying value of goodwill are stated in Note 16.

Allowance for Inventory Obsolescence

The carrying amount of inventories, stated in Note 17, is progressively reduced based on the age and type of inventories. These estimates of realisable values are made by management after taking into account historical and forecast selling prices.

Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

35. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

As at 31 March 2019, the carrying amounts of taxation recoverable of the Group is S\$3,774,000 (2018: S\$5,779,000, 2017: S\$2,358,000). The carrying amounts of income tax payable of the Group and Company are S\$7,213,000 (2018: S\$4,570,000, 2017: S\$5,717,000) and S\$674,000 (2018: S\$738,000, 2017: S\$767,000) respectively. The carrying amounts of deferred tax assets and deferred tax liabilities are stated in Note 26.

36. Financial instruments, financial risk and capital risk management**a) Categories of financial instruments**

The following table sets out the financial instruments as at the end of the reporting period:

	The Group			The Company		
	31 March	31 March	1 April	31 March	31 March	1 April
	2019	2018	2017	2019	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets						
Financial assets at FVTOCI ⁽¹⁾	3,665	-	-	-	-	-
Available-for-sale financial assets ⁽¹⁾	-	13,953	6,291	-	-	-
Financial assets at FVTPL	15	243	-	-	-	-
Financial assets at amortised cost ⁽²⁾	446,625	-	-	72,785	-	-
Loans and receivables (including cash and bank balances) ⁽²⁾	-	374,106	369,681	-	32,703	52,503
Financial liabilities						
Financial liabilities at FVTPL	14	-	-	-	-	-
Cash flow hedging instruments	356	-	-	356	-	-
Financial liabilities at amortised cost	772,755	694,539	564,721	232,954	182,387	123,698

⁽¹⁾ Original classification under FRS 39 is available-for-sale financial assets. New classification under SFRS(I) 9 is financial assets at FVTOCI.

⁽²⁾ Original classification under FRS 39 is loan and receivables. New classification under SFRS(I) 9 is financial assets / liabilities at amortised cost.

36. Financial instruments, financial risk and capital risk management (cont'd)

b) Financial risk management policies and objectives

The Group's major financial instruments include trade and other receivables, trade and other payables, bank balances and bank and other loans. The Group's financial assets at FVTOCI are not held for trading purposes. Details of these financial instruments are disclosed in the respective notes. The Group's financial instruments held for trading are used to manage the Group's exchange rate and raw material price exposures and are not for speculative purposes.

The risks associated with the Group's major financial instruments include credit risk, interest rate risk, foreign currency risk and liquidity risk. The policies on how to manage these risks are set out in this Note 36.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and an effective manner. The Group's overall strategy remains unchanged from prior year.

c) Equity price risk management

As at 31 March 2019, the Group is exposed to equity price risk arising from investment in equity shares classified as financial assets at FVTOCI. Further details of these investments can be found in Note 14.

Equity price sensitivity

If the quoted price or inputs to the valuation model had been 5% higher or lower, while all other variables were held constant, the Group's fair value reserve at 31 March 2019 would increase or decrease by S\$222,000.

d) Credit risk management

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position.

Trade receivables

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables. Trade receivables which are not credit-impaired are assessed based on provision matrix as at 31 March 2019 within lifetime ECL. Credit-impaired trade receivables with gross carrying amount of S\$1,752,000 as at 31 March 2019 were assessed individually. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

36. Financial instruments, financial risk and capital risk management (cont'd)

Internal credit rating	Gross trade receivables S\$'000	Average loss rates %	ECL S\$'000	Net trade receivables S\$'000
Very low risk *	129,195	0.5	593	128,602
Low risk	15,323	0.8	123	15,200
Average risk	14,516	1.5	221	14,295
Moderate risk	3,775	39.5	1,492	2,283
High risk	1,752	100	1,752	-
	<u>164,561</u>		<u>4,181</u>	<u>160,380</u>

* Included bills receivables amounting to S\$4,062,000.

Internal credit rating definition:

"Very low risk"	The counterparty has a very low risk of default due to strong financial background and a prompt payment pattern.
"Low risk"	The counterparty has a low risk of default with strong financial background but occasionally repays after due dates.
"Average risk"	Debtor frequently repays after due dates but usually settle after due date.
"Moderate risk"	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.
"High risk"	There is evidence indicating the asset is credit-impaired.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Other receivables

In determining the ECL for other receivables, the management has made periodic individual assessment on the recoverability of other receivables, based on historical settlement records, past experience, and also forward-looking information, as appropriate, for example, the Group has considered the consistently low historical default rate in connection with payments, and concluded the credit risk inherent in the Group's outstanding other receivables is insignificant.

The Group has no major concentration of credit risk in respect of its trade and other receivables.

Bank balances

The Group places its cash and fixed deposits with reputable financial institutions.

36. Financial instruments, financial risk and capital risk management (cont'd)**e) Interest rate risk management**

The interest rate risk exposure of the Group mainly arises from its interest bearing debts and interest bearing assets, which are substantially bearing interest at floating rates. The Group considers, where appropriate, to use derivative financial instruments to mitigate the financial impact associated with interest rates fluctuations relating to certain actual or forecasted transactions. Information about the Group's IRS arrangements are disclosed in Note 19.

If interest rate had been 50 basis points higher or lower and all other variables were held constant:

- i) consolidated interest income for the financial year would increase or decrease by S\$80,000 (2018: S\$77,000).
- ii) consolidated finance costs for the financial year would increase or decrease by S\$2,495,000 (2018: S\$2,014,000).

f) Foreign currency risk management

The Group's monetary assets and liabilities are mainly denominated in United States dollar, Euro, Hong Kong dollar, Malaysian Ringgit, Renminbi and Singapore dollar. Exposures to foreign currency risks are managed as far as possible by matching monetary assets and liabilities in the same currency denomination and supplemented with appropriate financial instruments where necessary. The Group considers, where appropriate, to use derivative financial instruments to mitigate the financial impact associated with foreign currency fluctuations relating to certain forecasted transactions.

The Group's significant net foreign currency denominated monetary assets (liabilities) exposures relative to the respective functional currency of the Company and its subsidiaries at the end of the reporting period are summarised below:

	The Group		
	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000
Euro	6,121	2,661	5,814
Hong Kong dollar	5,628	1,851	(8,161)
Malaysian Ringgit	(9,278)	(8,603)	(7,061)
Renminbi	1,977	(30,236)	(11,395)
Singapore dollar	(333)	(8,648)	(9,182)
United States dollar	60,672	(66,432)	(49,904)

36. Financial instruments, financial risk and capital risk management (cont'd)

The Company's significant net foreign currency denominated monetary assets (liabilities) exposures relative to its functional currency at the end of the reporting period are summarised below:

	The Company		
	31 March 2019 S\$'000	31 March 2018 S\$'000	1 April 2017 S\$'000
Hong Kong dollar	10,368	15,913	15,570
United States dollar	(13,257)	(11,055)	(9,073)

If the respective functional currency of the Company and its subsidiaries strengthens or weakens by 5% (2018: 5%) against the following major relevant foreign currencies with all other variables held constant, the Group would record additional exchange gain (loss) as follows:

	The Group			
	2019		2018	
	Strengthen S\$'000	Weaken S\$'000	Strengthen S\$'000	Weaken S\$'000
Euro	(307)	307	(142)	142
Hong Kong dollar	(259)	307	(51)	131
Malaysian Ringgit	464	(464)	430	(430)
Renminbi	(100)	100	1,512	(1,512)
Singapore dollar	17	(17)	432	(432)
United States dollar	(3,034)	3,034	3,279	(3,279)

If the functional currency of the Company strengthens or weakens by 5% (2018: 5%) against the following major relevant foreign currencies with all other variables held constant, the Company would record additional exchange gain (loss) as follows:

	The Company			
	2019		2018	
	Strengthen S\$'000	Weaken S\$'000	Strengthen S\$'000	Weaken S\$'000
Hong Kong dollar	(494)	546	(758)	838
United States dollar	663	(663)	553	(553)

In management's opinion, the sensitivity analyses are unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year due to seasonal effects of its business activities.

The Group's foreign currency translation risk arises mainly from the Company's foreign incorporated subsidiaries and associates, whose net assets are denominated in currencies other than Singapore dollar, the Company's reporting currency.

36. Financial instruments, financial risk and capital risk management (cont'd)

g) Liquidity risk management

The Group finances its operations by a combination of borrowings and equity. Adequate lines of credit are maintained to ensure the necessary liquidity is available when required. The Company may be in a net current liabilities position from time to time but funds will be available from its subsidiaries when required.

The remaining contractual maturity for non-derivative financial liabilities at the end of the reporting period is as follows:

	The Group				
	Weighted average effective interest rate %	On demand or within 1 year S\$'000	Within 2 to 5 years S\$'000	Adjustments S\$'000	Total S\$'000
31 March 2019					
Non-interest bearing		272,735	-	-	272,735
Finance lease obligations (fixed rate)	4.0	248	630	(95)	783
Variable interest rate instruments	4.4	339,003	185,495	(25,261)	499,237
		611,986	186,125	(25,356)	772,755
31 March 2018					
Non-interest bearing		258,073	-	-	258,073
Finance lease obligations (fixed rate)	3.0	55	72	(24)	103
Variable interest rate instruments	3.9	313,892	121,272	(18,693)	416,471
Fixed interest rate instruments	5.0	20,091	-	(199)	19,892
		592,111	121,344	(18,916)	694,539
1 April 2017					
Non-interest bearing		228,896	-	-	228,896
Finance lease obligations (fixed rate)	3.8	192	106	(117)	181
Variable interest rate instruments	3.5	214,300	137,431	(16,087)	335,644
Financial guarantee contracts		209	-	(209)	-
		443,597	137,537	(16,413)	564,721

36. Financial instruments, financial risk and capital risk management (cont'd)

The Company					
	Weighted average effective interest rate %	On demand or within 1 year S\$'000	Within 2 to 5 years S\$'000	Adjustments S\$'000	Total S\$'000
31 March 2019					
Non-interest bearing		6,037	-	-	6,037
Variable interest rate instruments	4.7	102,358	137,600	(13,041)	226,917
Financial guarantee contracts		202,030	-	(202,030)	-
		<u>310,425</u>	<u>137,600</u>	<u>(215,071)</u>	<u>232,954</u>
31 March 2018					
Non-interest bearing		4,124	-	-	4,124
Variable interest rate instruments	4.1	78,461	109,080	(9,278)	178,263
Financial guarantee contracts		72,897	-	(72,897)	-
		<u>155,482</u>	<u>109,080</u>	<u>(82,175)</u>	<u>182,387</u>
1 April 2017					
Non-interest bearing		1,873	-	-	1,873
Variable interest rate instruments	3.9	30,571	100,531	(9,277)	121,825
Financial guarantee contracts		38,533	-	(38,533)	-
		<u>70,977</u>	<u>100,531</u>	<u>(47,810)</u>	<u>123,698</u>

Liabilities pertaining to financial guarantee contracts are the Company's contingent liabilities arising from guarantees given to banks (Note 30).

h) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to its stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 24 and 25, and equity attributable to the equity holders of the Company.

Management reviews the Group's capital structure from time to time and recommends to the Board of Directors appropriate actions such as payment of dividend, new share issues, share buy-back and utilisation of available banking facilities.

The Group's overall strategy remains unchanged from the financial year ended 31 March 2018. The Group and the Company were in compliance with externally imposed capital requirements which include PRC legal requirement to set aside a legal reserve and financial covenants to maintain certain financial ratios required by certain financial institutions for the facilities granted as at 31 March 2019 and 2018.

36. Financial instruments, financial risk and capital risk management (cont'd)

i) Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities approximate their respective carrying amounts recorded in the financial statements, determined in accordance with the accounting policies disclosed in Note 2 except for available-for-sale financial assets carried at cost less impairment as at 31 March 2018 and 1 April 2017.

The financial instruments carried at fair value, analysed by fair value hierarchy, are as follows:

	The Group			Total S\$'000
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	
31 March 2019				
<u>Financial assets</u>				
Financial assets at FVTOCI	1,983	-	1,682	3,665
Derivative financial instruments	-	15	-	15
	1,983	15	1,682	3,680
<u>Financial liabilities</u>				
Derivative financial instruments	-	370	-	370
31 March 2018				
<u>Financial assets</u>				
Available-for-sale financial assets	6,511	-	-	6,511
Derivative financial instruments	-	243	-	243
	6,511	243	-	6,754
1 April 2017				
<u>Financial assets</u>				
Available-for-sale financial assets	2,770	-	-	2,770
	The Company			Total S\$'000
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	
31 March 2019				
<u>Financial liabilities</u>				
Derivative financial instruments	-	356	-	356

There were no transfers between the different level of fair value hierarchy during the financial years ended 31 March 2019 and 2018.

36. Financial instruments, financial risk and capital risk management (cont'd)

The fair value of the investment in unquoted equity shares with an aggregate fair value of S\$1,682,000 as at 31 March 2019 was arrived by using asset-based approach or market approach as appropriate. The asset-based approach involved assessing separately the fair value of the underlying assets and liabilities of the concerned investment, using appropriate approaches including market approach and cost approach. The fair value of the concerned investment was then derived after adjusting for a marketability discount of 40%. The market approach derived the fair value of the concerned investment using an enterprise value-to-earnings before interest, tax, depreciation and amortisation multiple of 11.3x, an enterprise value-to-earnings before interest and tax multiple of 15.6x, a price-to-earnings multiple of 14.4x and a marketability discount of 35%.

As at 31 March 2018 and 1 April 2017, the Group's available-for-sale financial assets included investment in unquoted equity shares, that were measured at cost less impairment, with a total net carrying value of S\$3,272,000 and S\$3,521,000 respectively. The fair values of these available-for-sale financial assets could not be determined reliably as the variability in the range of reasonable fair value estimates derived from valuation techniques can vary significantly.

37. Subsidiaries

Significant subsidiaries of the Group are as follows:

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held		
			31 March 2019	31 March 2018	1 April 2017
			%	%	%
<u>Electronics and acoustics segment</u>					
Faith Capital Investment Limited ^(b)	Hong Kong	Investment holding	100	100	100
Famingo Pte Ltd ^(a)	Singapore	Investment holding	100	100	100
Fancy Luck Investment Limited ^{(1) (b)}	Hong Kong	Investment holding	100	100	100
Giant Fair Investment Limited ^{(1) (b)}	Hong Kong	Investment holding	100	100	100
GP Acoustics GmbH ^{(1) (c)}	Germany	Marketing and distribution of acoustic and electronic products	100	100	100
GP Acoustics (HK) Limited ^{(1) (b)}	Hong Kong	Marketing, retailing and distribution of acoustic and electronic products	100	100	100

37. Subsidiaries (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held		
			31 March 2019 %	31 March 2018 %	1 April 2017 %
GP Acoustics International Limited ^{(1) (b)}	Hong Kong	Investment holding, design, marketing and distribution of acoustic and electronic products	100	100	100
GP Acoustics Limited ⁽³⁾	British Virgin Islands	Investment holding	100	100	100
GP Acoustics (Middle East) DWC-LLC ^{(1) (3)}	United Arab Emirates	Marketing and distribution of acoustic and electronic products	100	100	100
GP Acoustics (Singapore) Pte Limited ^(a)	Singapore	Marketing and retailing of acoustic and electronic products	100	100	100
GP Acoustics (Taiwan) Limited ^{(1) (b)}	Taiwan	Marketing and distribution of acoustic and electronic products	100	100	100
GP Acoustics (UK) Limited ^{(1) (b)}	England and Wales	Investment holding, design, marketing and distribution of acoustic and electronic products	100	100	100
GP Acoustics (US), Inc. ^{(1) (c)}	United States of America	Marketing and distribution of acoustic and electronic products	100	100	100
GP Electronics (China) Limited ^(b)	Hong Kong	Investment holding	100	100	100
GP Electronics (HK) Limited ^(b)	Hong Kong	Marketing and trading of audio products	100	100	100
GP Electronics (Huizhou) Co., Ltd. ^{(2) (d)}	The People's Republic of China	Manufacturing of acoustic and electronic products	100	100	95.00
金柏電子有限公司 ^{(1) (2) (4) (f)}	The People's Republic of China	Marketing and distribution of acoustic and electronic products	100	100	100
GP Electronics (SZ) Limited ^{(2) (f)}	The People's Republic of China	Development of electronic products	100	100	100
GP Global Marketing Corporation ⁽³⁾	Cayman Islands	Holding of trademarks	100	100	100

37. Subsidiaries (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held		
			31 March 2019 %	31 March 2018 %	1 April 2017 %
GP Global Marketing Limited ^{(1) (b)}	Hong Kong	Marketing	100	100	100
GPE International Limited ^(b)	Hong Kong	Investment holding	100	100	100
KEF Celestion Corporation ⁽³⁾	Cayman Islands	Holding of trademarks	100	100	100
KEF Japan, Inc. ^{(1) (3)}	Japan	Trading of acoustics products	100	90.00	90.00
Key Win Industrial Limited ^(b)	Hong Kong	Investment holding	100	100	100
Nike Enterprises Limited ^(b)	Hong Kong	Investment holding	100	100	100
<u>Automotive wire harness segment</u>					
GP Industries Marketing Limited ^(b)	Hong Kong	Marketing and trading of quality parts and components and hygienic and health care products	100	100	100
Huizhou GP Wiring Technology Ltd. ^{(2) (e)}	The People's Republic of China	Manufacturing of automotive wire harness, transformers and switching mode power supply	100	100	100
<u>Other industrial investments segment</u>					
Bowden Industries Limited ^{(1) (b)}	Hong Kong	Investment holding	100	100	100
CIH Limited ^(a)	Singapore	Investment holding	100	100	100
Dragon Star Enterprises Limited ^{(1) (3)}	British Virgin Islands	Investment holding	100	100	100
Pinberry Investments Limited ^{(1) (7)}	British Virgin Islands	Investment holding	-	-	100

37. Subsidiaries (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held		
			31 March 2019 %	31 March 2018 %	1 April 2017 %
<u>Batteries segment</u> ⁽⁵⁾					
GP Batteries International Limited ⁽⁶⁾	Singapore	Manufacture, development and marketing of batteries and battery-related products	100	100	64.88
Dongguan Chao Ba Batteries Co Ltd	The People’s Republic of China	Manufacturing of batteries	100	100	64.88
GP Batteries (Americas) Inc	United States of America	Marketing and trading in batteries	100	100	64.88
GP Batteries (China) Limited	The People’s Republic of China	Manufacturing of batteries	100	100	64.88
GP Batteries (Malaysia) Sdn Bhd	Malaysia	Manufacturing of batteries	100	100	64.88
GP Batteries (Shenzhen) Co., Ltd	The People’s Republic of China	Manufacturing of batteries	100	100	64.88
GP Batteries (U.K.) Limited	England and Wales	Marketing and trading in batteries	100	100	64.88
GP Batteries (Vietnam) Limited Liability Company	Vietnam	Manufacturing of batteries	79	79	51.26
GP Battery Marketing (H.K.) Limited	Hong Kong	Marketing and trading in batteries	100	100	64.88
GP Battery Marketing (Korea) Limited	South Korea	Marketing and trading in batteries	90	90	58.39
GP Battery Marketing (Malaysia) Sdn Bhd	Malaysia	Marketing and trading in batteries	100	100	64.88
GP Battery Marketing (Singapore) Pte Ltd	Singapore	Marketing and trading in batteries	100	100	64.88
GP Battery (Poland) Sp. z.o.o.	Poland	Marketing and trading in batteries	100	100	64.88
GP Battery Technology (HK) Limited	Hong Kong	Investment holding	100	100	64.88

37. Subsidiaries (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held		
			31 March 2019	31 March 2018	1 April 2017
			%	%	%
GPI International Limited	Hong Kong	Marketing and trading in batteries	100	100	64.88
GPPD Pte. Ltd. ⁽⁸⁾	Singapore	Investment holding	70.00	-	-
Huizhou Chao Ba Batteries Co Ltd	The People's Republic of China	Marketing and trading in batteries	90.00	90.00	58.39
Huizhou Modern Battery Limited	The People's Republic of China	Manufacturing of batteries	100	100	64.88
Ningbo Fubang Battery Co Ltd	The People's Republic of China	Manufacturing of batteries	72.00	72.00	46.71
Ningbo GP Energy Co., Ltd	The People's Republic of China	Manufacturing of batteries	90.00	90.00	58.39
Sylva Industries (China) Limited	Hong Kong	Investment holding	100	100	64.88
Sylva Industries Limited	Hong Kong	Investment holding	100	100	64.88
Whitehill Electrochemical Company Limited	Hong Kong	Investment holding and provision of logistic support	100	100	64.88
Zhongyin (Ningbo) Battery Co Ltd	The People's Republic of China	Manufacturing of batteries	70.00	70.00	45.42

37. Subsidiaries (cont'd)

Note:

- (1) Equity interest is held by subsidiaries of the Company.
- (2) These subsidiaries, in compliance with their local statutory requirement, adopt 31 December as their financial year end. Such financial year end is not co-terminous with that of the Company. Adjustments are made for the effect of any significant transactions that occur between 1 January and 31 March. A member firm of Deloitte Touche Tohmatsu Limited has audited the financial statements of these subsidiaries for the purposes of the Group's consolidated financial statements for the financial year ended and as at 31 March 2019 ("2019 Consolidated Financial Statements").
- (3) The financial statements of these subsidiaries are not audited as there are no statutory audit requirements in their countries of incorporation. The financial statements of these subsidiaries, with the exception of Dragon Star Enterprises Limited, GP Acoustics (Middle East) DWC-LLC and KEF Japan, Inc., have been audited by Deloitte & Touche LLP, Singapore or a member firm of Deloitte Touche Tohmatsu Limited for the purposes of the 2019 Consolidated Financial Statements.
- (4) For identification purpose, the translated name for this subsidiary is "GP Acoustics (China) Limited".
- (5) Other than GP Batteries which is a directly held subsidiary of the Company, equity interest in other subsidiaries of the batteries segment is held by GP Batteries or its subsidiaries.
- (6) The consolidated financial statements of GP Batteries are audited by Deloitte & Touche LLP, Singapore.
- (7) Disposed during the financial year ended 31 March 2018.
- (8) Incorporated during the financial year.
- (a) Audited by Deloitte & Touche LLP, Singapore, which are the auditors of all Singapore incorporated subsidiaries.
- (b) Audited by member firms of Deloitte Touche Tohmatsu Limited.
- (c) Subsidiary of GP Acoustics (UK) Limited. The consolidated financial statements of GP Acoustics (UK) Limited are audited by a member firm of Deloitte Touche Tohmatsu Limited.
- (d) Local statutory audit performed by HuizhouShuLunPan Yangcheng C.P.A. Partnership.
- (e) Local statutory audit performed by Guangdong Chengxinde Certified Public Accountants (general partnership).
- (f) Local statutory audit performed by Shenzhen ZhengFengLiFu Certified Public Accountants.

38. Associates

Significant associates of the Group are as follows:

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held		
			31 March 2019 %	31 March 2018 %	1 April 2017 %
<u>Electronics and acoustics segment</u>					
Dongguan Jifu Metallic Products Ltd. ^{(1) (2)}	The People’s Republic of China	Manufacturing of metallic products	30.00	30.00	30.00
Julong Technology Limited ^{(1) (b)}	British Virgin Islands	Investment holding	30.00	30.00	30.00
Shinwa Industries (China) Ltd. ^{(1) (4)}	The People’s Republic of China	Manufacturing of electronic components	10.50	10.50	10.50
Shinwa Industries (Hangzhou) Limited ^{(1) (4)}	The People’s Republic of China	Manufacturing of electronic components	10.50	10.50	10.50
Shinwa Industries (H.K.) Limited ^{(6) (b)}	Hong Kong	Trading of electronic components	15.00	15.00	15.00
Wisefull Technology Limited ^{(1) (b)}	Hong Kong	Investment holding and trading of metallic products	30.00	30.00	30.00
Youjia Technology Limited ^{(1) (b)}	British Virgin Islands	Investment holding	30.00	30.00	30.00
Yousheng Technology Limited ^{(1) (8) (b)}	Hong Kong	Trading of metallic products	30.00	30.00	30.00
<u>Other industrial investments segment</u>					
Linkz, Inc. ^{(1) (3)}	United States of America	Trading of electronic cables and wires and cable assemblies	38.13	38.13	38.13
Linkz Industries Limited ^(a)	Hong Kong	Investment holding	38.13	38.13	38.13
Linkz Industries (Shanghai) Ltd. ^{(1) (3)}	The People’s Republic of China	Manufacturing of cables	36.22	36.22	36.22
Linkz Industries (Suzhou) Limited ^{(1) (3)}	The People’s Republic of China	Manufacturing of local area network cables	38.13	38.13	38.13
Linkz International Limited ^{(1) (3)}	Hong Kong	Trading of electronic cables and wires and cable assemblies	38.13	38.13	38.13

38. Associates (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held		
			31 March 2019 %	31 March 2018 %	1 April 2017 %
Meiloon Industrial Co., Ltd. ^{(1) (5)}	Taiwan	Development, manufacturing and marketing of acoustic and audio-visual equipment	20.27	20.27	20.27
Time Interconnect Holdings Limited ^{(1) (3)}	British Virgin Islands	Investment holding	38.13	38.13	-
Time Interconnect Investment Limited ^{(1) (3)}	British Virgin Islands	Investment holding	24.35	24.35	-
Time Interconnect Technology Limited ^{(1) (3) (9)}	Cayman Islands	Investment holding	24.35	24.35	-
<u>Batteries segment</u> ^{(7) (c)}					
AZ Limited	Russia	Marketing and trading in batteries	40.00	40.00	25.95
Changzhou Lithium Batteries Ltd	The People's Republic of China	Manufacturing of batteries	40.00	40.00	25.95
Gold Yi Industry Company Limited	The People's Republic of China	Marketing and trading in batteries	30.00	30.00	19.46
GP Battery Marketing (Germany) GmbH	Germany	Marketing and trading in batteries	50.00	50.00	32.44
GP Battery Marketing (Middle East) Limited (FZC)	United Arab Emirates	Marketing and trading in batteries	50.00	50.00	32.44
GP Battery Marketing (Thailand) Co Ltd	Thailand	Marketing and trading in batteries	49.00	49.00	31.79
GWA Energy, Inc	Taiwan	Marketing and trading in batteries	41.00	41.00	26.60
Hanoi Battery Joint Stock Company	Vietnam	Manufacturing of batteries	30.00	30.00	19.46
Lichton International Limited	Hong Kong	Marketing and trading in lighting products	33.33	33.33	21.62

38. Associates (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held		
			31 March 2019	31 March 2018	1 April 2017
			%	%	%
Ningbo Fengyin Battery Co., Ltd	The People's Republic of China	Marketing and trading of battery materials	32.00	32.00	20.76
STL Technology Co., Ltd	Taiwan	Manufacturing of battery packs and products	34.27	34.08	22.36
STL Technology (SIP) Co., Ltd	The People's Republic of China	Manufacturing of battery packs and products	34.27	34.08	22.36
T.G. Battery Co (China) Ltd	The People's Republic of China	Manufacturing of batteries	42.50	42.50	27.57
T.G. Battery Co (Hong Kong) Limited	Hong Kong	Investment holding and provision of logistic support	50.00	50.00	32.44

Note:

- (1) Equity interest is held by subsidiaries or associates of the Company.
- (2) Subsidiary of Wisefull Technology Limited.
- (3) Subsidiary of Linkz.
- (4) Subsidiary of Shinwa Industries (H.K.) Limited.
- (5) Meiloon is listed on the Taiwan Stock Exchange Corporation. The consolidated financial statements of Meiloon are audited by PKF Taiwan. Meiloon has been equity accounted for in the consolidated financial statements based on results ended 31 December, the financial year end of Meiloon.
- (6) The Group has significant influence in Shinwa Industries (H.K.) Limited ("Shinwa") through the Company's representation on Shinwa's board of directors.
- (7) Equity interest is held by GP Batteries, its subsidiaries or associates.
- (8) Subsidiary of Youjia Technology Limited.
- (9) Listed on The Stock Exchange of Hong Kong Limited.
- (a) Audited by a member firm of Deloitte Touche Tohmatsu Limited.
- (b) These associates adopt a different financial year end from that of the Group. For the purposes of applying the equity method of accounting, the financial statements of these associates for the twelve months period ended 31 March have been used. The local statutory consolidated financial statements of Shinwa Industries (H.K.) Limited and Wisefull Technology Limited are audited by a member firm of Deloitte Touche Tohmatsu Limited and Au Choi Yuen & Co., respectively. The financial statements of Julong Technology Limited and Youjia Technology Limited are not audited as there are no statutory audit requirements in their countries of incorporation. The local statutory financial statements of Yousheng Technology Limited are audited by Au Choi Yuen & Co.
- (c) The consolidated financial statements of GP Batteries are audited by Deloitte & Touche LLP, Singapore.

39. Assets classified as held for sale

	The Group	
	2019	2018
	S\$'000	S\$'000
Balance at beginning of the financial year	9,326	1,057
Reclassified from investment properties	-	1,748
Reclassified from property, plant and equipment	30,488	7,578
Disposals	(5,949)	(1,057)
Currency realignment	52	-
Balance at end of the financial year	33,917	9,326

During the financial year, the Group entered into the following sale and purchase agreements to dispose of:

- i) land and buildings for a consideration of RMB266 million (approximately S\$56 million); and
- ii) land use rights, factory building and a warehouse owned by ZYNB for an aggregate cash consideration and compensation of RMB144 million (approximately S\$30 million). ZYNB intends to hand over the control of the factory during the financial year ending 31 March 2020 and accordingly, the factory have been classified as assets classified as held for sale as at 31 March 2019.

During the financial year ended 31 March 2018, the Group entered into the following sale and purchase agreements to dispose of:

- i) two properties for a consideration of RMB81 million (approximately S\$17 million) and RMB40 million (approximately S\$8 million). The proposed disposal was terminated during the financial year ended 31 March 2019. The Group is currently in negotiation with potential buyers for the two properties; and
- ii) a property for a consideration of NTD260 million (approximately S\$12 million). The disposal was completed during the financial year ended 31 March 2019.

The fair value of investment property was determined by an independent appraiser having appropriate recognised professional qualification and adequate experience in the location and category of the property being valued. Fair values were determined having regard to the existing use of the property, recent market transactions for similar properties in the same location as the property being valued. Particulars of the investment property are as follows:

39. Assets classified as held for sale (cont'd)

Description	:	Factory building and warehouse in China
Fair value	:	S\$2,037,000 (2018: S\$1,748,000)
Fair value hierarchy	:	Level 3
Valuation technique(s) and key input(s)	:	Direct comparison method with price per square metre
Significant unobservable inputs	:	Price per square metre, using market direct comparable and taking into account of location and other individual factors such as road frontage, size of property etc., which is ranged from RMB2,268 to RMB2,311 per square metre for the financial year ended 31 March 2019
Sensitivity	:	A significant increase of input would result in significant increase in fair value to the investment property

40. Changes in ownership interest in subsidiaries

- a) Changes in ownership interest in subsidiaries that did not result in a loss of control:
During the financial year, the Group acquired the remaining 10% non-controlling interests in KEF Japan, Inc.

During the financial year ended 31 March 2018:

- i) the Company increased its shareholding in GP Batteries from approximately 64.88% as at 1 April 2017 to 100% as at 31 December 2017, pursuant to the Offer.
- ii) the Company acquired the remaining 5% non-controlling interests in GP Electronics (Huizhou) Co., Ltd.

The difference between the amount by which the non-controlling interests were adjusted and the consideration paid or received was recognised to equity.

- b) Changes in ownership interest in subsidiaries that resulted in a loss of control:
During the financial year ended 31 March 2018, the Group disposed / de-registered certain subsidiaries and recognised a loss on disposal / de-registration of subsidiaries of S\$696,000 in other operating expenses (Note 5), comprising cumulative exchange translation deficit.

41. Subsequent events

At the general meeting held on 7 September 2018, members of the Company approved the disposal of certain land and buildings in Huizhou, PRC by GP Electronics (Huizhou) Co., Ltd., a wholly owned subsidiary of the Company. Part of the Disposal Consideration and Compensation (as defined in the circular dated 23 August 2018) was received by the Group during the financial year ended 31 March 2019, and certain balances were still outstanding as at 31 March 2019. Subsequent to 31 March 2019, the Group has received the remaining balance of the Disposal Consideration and Compensation by 27 May 2019 and the transfer of the titles of the concerned land and buildings to the purchaser was completed by 5 June 2019.

Corporate Governance Statement

This Statement describes how GP Industries Limited (the “Company”) applied the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”) to its corporate governance processes and activities with specific reference to the Code and any deviations from the Code are explained.

Board Matters

The Board’s Conduct of Affairs

The Board of Directors of the Company (the “Board” or the “Directors”) oversees the business affairs of the Company and its subsidiaries (collectively the “Group”) and is responsible for setting the strategic direction and establishing goals for the management team of the Group (“Management”). In addition, the Board works with Management to achieve these goals set for the Group. To ensure smooth operations, facilitate decision-making and ensure proper controls, the Board has delegated some of its powers to its committees (the “Board Committees” and as described below) and Management. The Board Committees and Management remain accountable to the Board.

The principal functions of the Board are:

- (i) supervising the overall management of the business and affairs of the Group;
- (ii) approving the Group’s strategic plans, significant investment and divestment proposals and funding decisions;
- (iii) reviewing the Group’s financial performance and key operational initiatives;
- (iv) implementing risk management policies and practices;
- (v) review and decide nominations recommended by the Nominating Committee;
- (vi) reviewing and endorsing the recommended framework of remuneration for the Board and Key Management Personnel by the Remuneration Committee;
- (vii) assuming responsibility for corporate governance; and
- (viii) assuming responsibility for sustainability governance.

All Directors exercise reasonable diligence and independent judgement when making decisions and are obliged to act honestly and consider at all times, the interest of the Company and the Group.

The Board conducts regular meetings on a quarterly basis and ad hoc meetings as and when required. Article 100(2) of the Company’s Constitution allows Board meetings to be conducted by way of telephone or video conferencing or by other audio or audio-visual communications equipment. The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings, are disclosed in this Statement. The Company, however, believes that the contributions of the Directors can be reflected in means other than by the attendance at such meetings. A Director is appointed on the strength of his / her calibre, experience and his / her potential to contribute to the proper guidance of the Company and its businesses in forms such as Management’s access to him / her for guidance or exchange of views outside the formal environment of Board meetings and also his / her ability to bring relations which are strategic to the interests of the Group.

The Board has delegated specific responsibilities to the following Board Committees:

- (i) Audit and Risk Committee (the "ARC");
- (ii) Nominating Committee (the "NC"); and
- (iii) Remuneration Committee (the "RC").

These Board Committees are given specific responsibilities and they are empowered by the Board to deal with matters within the limits of authority set out in the terms of reference of their appointments. They assist the Board operationally without the Board losing authority over major issues.

The following are the changes to the composition of the Board and its Board Committees during the period from 1 April 2018 to the date of this Statement:

- (i) Mr Andrew Chuang Siu Leung retired as an Executive Director and Chief Risk Officer ("CRO") of the Company with effect from 1 July 2018 and Mr Waltery Law Wang Chak was appointed the CRO of the Company with effect from 1 July 2018 in place of Mr Andrew Chuang Siu Leung;
- (ii) Mr Leung Pak Chuen was re-designated from Executive Vice Chairman to Non-Executive Vice Chairman of the Company with effect from 1 January 2019 and was appointed a member of each of the ARC and RC with effect from 1 January 2019;
- (iii) Mr Lam Hin Lap was appointed a member of the NC with effect from 1 January 2019;
- (iv) Mr Wong Man Kit retired as an Executive Director and Chief Financial Officer ("CFO") of the Company with effect from 1 April 2019; and
- (v) Mr Waltery Law Wang Chak was appointed an Executive Director and CFO of the Company with effect from 1 April 2019.

The number of Board and Board Committees meetings held in the financial year ended 31 March 2019 and the attendance of Directors at these meetings are as follows:

Board and Board Committees	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
	No. of meetings Held	Attended	No. of meetings Held	Attended	No. of meetings Held	Attended	No. of meetings Held	Attended
Victor Lo Chung Wing	4	4	NA	NA	2	2	NA	NA
Leung Pak Chuen	4	4	1 ⁽¹⁾	1	2	2	- ⁽¹⁾	-
Brian Li Yiu Cheung	4	4	NA	NA	NA	NA	NA	NA
Andrew Chuang Siu Leung	1 ⁽¹⁾	1	NA	NA	NA	NA	NA	NA
Wong Man Kit	4	4	NA	NA	NA	NA	NA	NA
Lam Hin Lap	4	3	NA	NA	- ⁽¹⁾	-	NA	NA
Waltery Law Wang Chak	- ⁽¹⁾	-	NA	NA	NA	NA	NA	NA
Lim Ah Doo	4	3	4	4	2	2	1	1
Lim Hock Beng	4	4	4	4	2	2	1	1
Allan Choy Kam Wing	4	4	4	4	2	2	1	1
Lim Jiew Keng	4	4	NA	NA	2	2	1	1
Goh Boon Seong	4	4	NA	NA	2	2	1	1

Note:

- ⁽¹⁾ The number of meetings held refers to the number of meetings held during the respective period in which Messrs Leung Pak Chuen, Andrew Chuang Siu Leung, Lam Hin Lap and Waltery Law Wang Chak was appointed a member of the Board or the relevant Board Committee, as the case may be.

NA – not applicable

The Board accepts that the ultimate responsibility on the matters delegated to the Board Committees lies with the Board.

In addition to the Board Committees, the Board has also delegated some of its authority to the Executive Committee, which comprises the Executive Directors, and Management. The Group's Risk Governance and Internal Control Manual set out, *inter alia*, the Group's approval guidelines, which describe the principles when delegating the authority to the Executive Committee and Management. Matters that are specifically reserved for the Board's decision include material acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividend payment to shareholders, and other transactions of a material nature requiring announcement under the rules of the Listing Manual (the "Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company provides new Directors with orientation programmes to familiarise them with the business of the Group and governance practices. Such orientation programmes includes visiting the Group's principal factories and meeting with the management team of the Group's various business units. Mr Waltery Law Wang Chak, who was appointed an Executive Director on 1 April 2019, is knowledgeable about the Group's businesses and operations as he joined the Company as the Senior Vice President, Finance and Corporate Development in February 2018. Mr Waltery Law Wang Chak has undertaken to get familiarised with the Singapore Companies Act, Chapter 50 (the "Companies Act"), the Rules of SGX-ST and the roles and responsibilities as a director of a SGX-ST listed company.

All Directors are routinely updated on developments in the Group's operating environment, particularly on relevant new laws and regulations and changing commercial risks. The Company Secretaries and Management circulates to the Board important information on new or changes in laws, rules and regulations on matters which are relevant to the Company and / or the Directors.

The Company's external auditors, in presenting its annual audit plan to the ARC, also highlights the important changes in relevant financial reporting standards to the attendees of that ARC meeting. In addition, Directors who have professional qualifications also attend trainings in accordance with the continuing professional development or education requirements of the relevant professional bodies.

Newly appointed Directors are informed, among other matters, the roles, obligations, duties and responsibilities as a member of the Board.

Board Composition and Guidance

As at the date of this Statement, the Board consists of ten Directors, of whom five are Non-Executive Independent (as defined in the Code) Directors. Accordingly, the Board composition complies with the requirement for Non-Executive Independent Directors to make up at least half of the Board specified under Guideline 2.2 of the Code.

The NC is of the view that the current Board comprises persons who, as a group, provides core competencies necessary to meet the Company's objectives.

All Directors are required to disclose any relationships or appointments which may impair their independence to the Board on a timely basis. The Board, based on the annual evaluation performed by the NC pursuant to the definition of independence under the Code, is of the view that all Non-Executive Independent Directors of the Company are independent.

The Chairman and the Chief Executive Officer ("CEO") is the same individual. The Chairman and CEO is responsible for the overall operations of the Group as well as ensuring that the principles of the Code are adhered to. The Board is of the view that this arrangement does not impair the effectiveness of decision making as the Non-Executive Independent Directors exercise objective judgement on corporate affairs independently.

As at the date of this Statement, both Mr Lim Ah Doo and Mr Lim Hock Beng have served on the Board as Non-Executive Independent Directors for more than nine years from the date of their respective first appointment. The Board concurred with the NC's view that both Mr Lim Ah Doo and Mr Lim Hock Beng, who have served on the Board for more than nine years, remain independent in their exercise of judgement and objectivity in Board matters despite their length of service. In reviewing their independence, the Board and the NC have determined that both Mr Lim Ah Doo and Mr Lim Hock Beng have continued to demonstrate the essential characteristics of independence expected by the Board by exercising independent judgements in the Group's best interests in the discharge of their duties. The independence of character and judgements of each of Mr Lim Ah Doo and Mr Lim Hock Beng was not in any way affected or impaired by their length of service. There are also no relationships or circumstances which would likely to affect, or could appear to affect, their judgements.

The Board has reviewed its composition of Directors and is satisfied that such composition is appropriate for the nature and scope of the Group's operations and facilitates effective decision making. The Board will constantly examine its size with a view to determining its impact upon its effectiveness.

The Non-Executive Independent Directors and the Non-Executive Non-Independent Director review the Group's performance against its business objectives and provide their views thereon. The Non-Executive Independent Directors and Non-Executive Non-Independent Director also actively participate in deliberation of matters tabled for the Board's decision and engage in constructive dialogue (either as a non-executive group or with Management) in order to proactively provide independent advice.

The Non-Executive Independent Directors meet amongst themselves at least once in a year without the presence of Management.

Chairman and Chief Executive Officer

Mr Victor Lo Chung Wing is the Chairman and CEO of the Company. The Chairman and CEO remains involved in significant corporate matters, especially those of strategic nature.

As the Chairman, Mr Victor Lo Chung Wing is responsible for the effective function of the Board and exercise control over the quality, quantity and timeliness of the flow of information between Management and the Board, these include:

- (i) ensuring the Board's effectiveness through his leadership;
- (ii) ensuring that Board meetings are held when necessary and to approve the meeting agenda;
- (iii) providing oversight on accurate and clear information contained in the Board papers circulated to the Board members;
- (iv) allowing sufficient time for the discussion of the agenda items;
- (v) monitoring communications and relations within the Board and between the Board and Management to facilitate constructive dialogue;
- (vi) facilitating effective contribution of the Non-Executive Independent Directors; and
- (vii) ensuring compliance with the guidelines set out in the Code.

As the CEO, Mr Victor Lo Chung Wing is responsible for the Group's overall management, including overseeing the Group's operation, setting directions for new growth areas and developing business strategies. He played an instrumental role in developing the business of the Group and has provided the Group with strong leadership and vision. It is hence the view of the Board that it is currently in the best interests of the Group to adopt a single leadership structure.

The role of the Chairman and CEO should principally be separated to maintain an appropriate balance of power, increased accountability and to facilitate independent decision making by the Board. However, the Board is of the view that the present arrangement does not impair the effectiveness of independent decision making by the Board in view of the following compensating factors:

- (i) the Non-Executive Independent Directors, which comprised at least one third of the Board during the financial quarter ended 30 June 2018 and comprise half of the Board since 1 July 2018, provide an independent and objective element to the Board; and
- (ii) the Board Committees, namely ARC, NC and RC, comprises primarily Non-Executive Independent Directors.

The Board believes that there are sufficient safeguards against an uneven concentration of power and authority in a single individual, and that the existing single leadership arrangement is effective. There is sufficiently independent representation in the Board Committees which provide an independent and objective element to the Group and strategic level decision making. The Board continues to review the role of the Chairman and CEO as well as the composition (including the independence) of the Board to ensure that it does not impede the principles of independence and objectivity in decision making.

Mr Lim Ah Doo has been appointed as the Lead Independent Director since 14 August 2013. As Lead Independent Director, Mr Lim Ah Doo is the contact person for shareholders when the shareholders have concerns and for which contact through the normal channels of the Chairman and CEO, the Non-Executive Vice Chairman, the Executive Vice President or the CFO has failed to resolve or is inappropriate. In addition, Mr Lim Ah Doo would lead the periodic meetings of the Non-Executive Independent Directors and provide feedback to the Chairman and CEO after such meetings.

Board Membership

The NC currently comprises five Non-Executive Independent Directors, a Non-Executive Non-Independent Director and two Executive Directors. The composition of the NC is as follows:

Mr Lim Hock Beng (Chairman)
 Mr Lim Ah Doo (Member)
 Mr Victor Lo Chung Wing (Member)
 Mr Leung Pak Chuen (Member)
 Mr Allan Choy Kam Wing (Member)
 Mr Lim Jiew Keng (Member)
 Mr Goh Boon Seong (Member)
 Mr Lam Hin Lap (Member)

The Chairman of the NC, Mr Lim Hock Beng, is a Non-Executive Independent Director. The Lead Independent Director, Mr Lim Ah Doo, is a member of the NC.

The NC is guided by its terms of reference that set out its responsibilities, which includes consideration of salient factors for the purposes of Directors' re-nomination and determination of independence.

The duties and responsibilities of the NC are to:

- (i) review, assess and make recommendations to the Board on the appointment of Directors, including making recommendations to the composition of the Board generally;
- (ii) regularly review the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and core competencies of the Directors as a group and make recommendations to the Board with regards to any adjustments that may be deemed necessary;
- (iii) determine on an annual basis and as and when circumstances arise, if a Director is independent bearing in mind the circumstances set forth in the Code and other salient factors. If the NC determines that a Director, who has one or more of the relationships mentioned in the Code or who has served on the Board beyond nine years, can be considered independent. Conversely, the NC has the discretion to consider that a Director is not independent even if the said Director does not fall under the circumstances set forth in the Code. In either case, the NC shall provide its views to the Board for the Board's consideration;
- (iv) review, assess and recommend nominee(s) or candidate(s) for re-appointment or re-election to the Board and to consider his / her competencies, commitment, contribution, performance and whether or not he / she is independent;
- (v) recommend Directors who are retiring by rotation to be put forward for re-election. All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

- (vi) assess the effectiveness of the Board as a whole and the Board Committees, and the contribution by each individual Director to the effectiveness of the Board. The NC shall recommend to the Board the development of a process for evaluation and decide how the performance of the Board, Board Committees and individual Directors may be evaluated and proposed objective performance criteria. The NC Chairman should act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors, in consultation with the NC;
- (vii) decide whether or not a Director is able to and has been adequately carrying out his / her duties as a Director, particularly when he / she has multiple board representations, and / or other principal commitments;
- (viii) recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold;
- (ix) make plans for succession, in particular for the Chairman and CEO; and
- (x) recommend to the Board the training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks.

The NC is also responsible for determining annually, the independence of Directors. In doing so, the NC takes into account the criteria set forth in the Code and any other salient factors. Following its review, the NC has endorsed the independence status of the five Non-Executive Independent Directors, Mr Lim Ah Doo, Mr Lim Hock Beng, Mr Allan Choy Kam Wing, Mr Lim Jiew Keng and Mr Goh Boon Seong. The Non-Executive Independent Directors had also confirmed their independence in accordance with the Code.

The NC has determined that the Directors have been adequately discharging their duties as Directors notwithstanding some of the Directors have multiple listed company board representations. The Company does not have a formal guideline on the maximum number of listed company board representations which any Director may hold, as the NC and the Board consider such a number may not fairly reflect whether a Director can timely and diligently attend to the Company's matters and discharge his / her duties as a Director.

In addition to the information regarding the Directors provided under the "Board of Directors and Senior Management" section of the Annual Report, other information on each Director's qualifications, directorships and other principal commitments as at 12 June 2019 is as follows:

Name of Director	Victor Lo Chung Wing	Brian Li Yiu Cheung	Lam Hin Lap
Role	Chairman and CEO Executive Director	Executive Vice President Executive Director	Group General Manager, Business Development, Executive Director
Academic and professional qualifications	Mr Lo graduated from Institute of Design of Illinois Institute of Technology, US with a Bachelor of Science degree in Product Design. He also holds an Honorary Doctorate from The Hong Kong Polytechnic University.	Dr Li is a fellow of The Hong Kong Institution of Engineers. He holds a Bachelor's degree in Electrical Engineering from The University of British Columbia, Canada, a Master's degree in Global Business with Dean's Honour from The Chinese University of Hong Kong and a Doctor of Business Administration degree from City University of Hong Kong.	Mr Lam holds a Bachelor's degree in Electrical Engineering from The University of New South Wales, Australia.
Board Committee(s) served on	Nominating Committee <i>Member</i>	None	Nominating Committee <i>Member</i>
Date of first appointment as a Director	18 October 1995	18 October 1995	1 October 2016
Date of last re-election as a Director	28 July 2017	30 July 2018	28 July 2017
Present directorships in other listed companies	Gold Peak Industries (Holdings) Limited <i>Chairman and Chief Executive</i>	Gold Peak Industries (Holdings) Limited <i>Executive Director and Executive Vice President</i>	Gold Peak Industries (Holdings) Limited <i>Executive Director</i>
Past directorships in other listed companies over the preceding three years	GP Batteries International Limited ⁽¹⁾ <i>Chairman and Chief Executive Officer</i>	None	None
Other principal commitments	Hong Kong Design Centre <i>Director</i> M Plus Museum Limited <i>Chairman of Board of Directors</i> PMQ Management Company Ltd <i>Director</i> Hotel ICON Limited <i>Chairman of Board of Directors</i>	None	Gold Peak Industries (Holdings) Limited <i>Group General Manager</i>

Name of Director	Walter Law Wang Chak	Leung Pak Chuen	Lim Ah Doo
Role	Chief Financial Officer, Chief Risk Officer, Senior Vice President, Finance and Corporate Development Executive Director	Non-Executive Vice Chairman Non-Executive Non- Independent Director	Lead Independent Director Non-Executive Independent Director
Academic and professional qualifications	Mr Law is a fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is currently registered as a certified public accountant with the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor's degree in Economics and a Master's degree in Financial Economics, both from the London School of Economics and Political Science, the University of London, UK.	Mr Leung is a member of The Chartered Institute of Marketing, UK and The International Institute of Management. He graduated from Chu Hai College, Hong Kong with a Bachelor's degree in Business Administration.	Mr Lim graduated from Queen Mary College of University of London, UK with a Bachelor of Science degree in Engineering and holds an MBA degree from Cranfield School of Management, UK.
Board Committee(s) served on	None	Nominating Committee <i>Member</i> Audit and Risk Committee <i>Member</i> Remuneration Committee <i>Member</i>	Audit and Risk Committee <i>Chairman</i> Nominating Committee <i>Member</i> Remuneration Committee <i>Member</i>
Date of first appointment as a Director	1 April 2019	18 October 1995	15 May 1997
Date of last re-election as a Director	Not applicable	28 July 2017	30 July 2018
Present directorships in other listed companies	Meiloon Industrial Co., Ltd. <i>Authorised representative of a director (Famingo Pte Ltd)</i>	Gold Peak Industries (Holdings) Limited <i>Non-Executive Vice Chairman</i>	GDS Holdings Limited <i>Independent Director</i> Olam International Limited <i>Non-Executive Chairman and Independent Director</i> Singapore Technologies Engineering Ltd <i>Independent Director</i>

Name of Director	Walter Law Wang Chak	Leung Pak Chuen	Lim Ah Doo
Past directorships in other listed companies over the preceding three years	AB Builders Group Limited <i>Independent Non-Executive Director</i> D&G Technology Holding Company Limited <i>Independent Non-Executive Director</i> In Technical Productions Holdings Limited <i>Non-Executive Director</i> Orient Victory Travel Group Company Limited <i>Independent Non-Executive Director</i> Solis Holdings Limited <i>Independent Non-Executive Director</i> Vicon Holdings Limited <i>Independent Non-Executive Director</i>	GP Batteries International Limited ⁽¹⁾ <i>Executive Director</i> Meiloon Industrial Co., Ltd. <i>Authorised representative of a director (Famingo Pte Ltd)</i>	ARA Trust Management (Cache) Limited (formerly known as ARA-CWT Trust Management (Cache) Limited and trustee manager of listed Cache Logistics Trust) <i>Independent Director</i> Bracell Limited <i>Independent Director</i> Sembcorp Marine Ltd <i>Independent Director</i> SM Investments Corporation <i>Independent Director</i>
Other principal commitments	Gold Peak Industries (Holdings) Limited <i>Senior Vice President, Group Finance Management</i>	None	None

Name of Director	Lim Hock Beng	Allan Choy Kam Wing	Lim Jiew Keng
Role	Non-Executive Independent Director	Non-Executive Independent Director	Non-Executive Independent Director
Academic and professional qualifications	Mr Lim holds a Diploma in Management Accounting and Finance and is a fellow member of the Singapore Institute of Directors.	Mr Choy holds a Diploma in Management Studies from The University of Hong Kong and an MBA degree from University of Macau.	Mr Lim holds a Bachelor of Social Science (Honours) degree in Economics from National University of Singapore (formerly University of Singapore), a Certificate in Education from National Institute of Education (formerly Teachers' Training College), Singapore and completed an Advanced Management Programme at the Fuqua School of Business of Duke University, US. Mr Lim has been a member of the Singapore Institute of Directors since 2002.
Board Committee(s) served on	Nominating Committee <i>Chairman</i> Audit and Risk Committee <i>Member</i> Remuneration Committee <i>Member</i>	Remuneration Committee <i>Chairman</i> Audit and Risk Committee <i>Member</i> Nominating Committee <i>Member</i>	Nominating Committee <i>Member</i> Remuneration Committee <i>Member</i>
Date of first appointment as a Director	2 January 1998	1 October 2012	1 January 2018
Date of last re-election as a Director	30 July 2018	29 July 2016	30 July 2018
Present directorships in other listed companies	Colex Holdings Limited <i>Independent Director</i> Huan Hsin Holdings Ltd <i>Independent Director</i>	None	None
Past directorships in other listed companies over the preceding three years	King Wan Corporation Limited <i>Independent Director</i> TA Corporation Ltd <i>Independent Director</i>	GP Batteries International Limited <i>Non-Executive Independent Director</i>	GP Batteries International Limited <i>Non-Executive Independent Director</i>
Other principal commitments	None	None	None

Name of Director	Goh Boon Seong
Role	Non-Executive Independent Director
Academic and professional qualifications	Mr Goh graduated from National University of Singapore (formerly University of Singapore) with a Bachelor of Business Administration degree.
Board Committee(s) served on	Nominating Committee <i>Member</i> Remuneration Committee <i>Member</i>
Date of first appointment as a Director	1 January 2018
Date of last re-election as a Director	30 July 2018
Present directorships in other listed companies	None
Past directorships in other listed companies over the preceding three years	Boustead Singapore Limited <i>Independent Non-Executive Director</i> GP Batteries International Limited <i>Non-Executive Independent Director</i>
Other principal commitments	WhiteRock Incorporation Private Limited <i>Director and Chief Executive Officer</i> WhiteRock Medical Company Pte. Ltd. <i>Director and Chief Executive Officer</i>

Note:

- ⁽¹⁾ GP Batteries International Limited ("GP Batteries") was delisted from SGX-ST on 27 December 2017. GP Batteries is currently a wholly owned subsidiary of the Company. Mr Victor Lo Chung Wing remains as Chairman and Chief Executive Officer of GP Batteries. Mr Leung Pak Chuen remains as a director of GP Batteries and is currently a Non-Executive Director of GP Batteries.

The details of the shareholdings of the Directors who were Directors of the Company as at 31 March 2019 are disclosed on page 26 of the Annual Report under “Directors’ interest in shares and debentures” section of the Directors’ Statement.

Detailed information relating to Directors who are proposed to be appointed for the first time or re-elected at a general meeting as set out in Appendix 7.4.1, required pursuant to Rule 720(6) of SGX-ST, are disclosed in the notice of the relevant general meeting.

The Company has not appointed any alternate Director.

Through its regular review of the Board structure, size and compositions, and in consultation with Management, the NC assesses whether new Director(s) with certain desired experience and knowledge is / are required to further enhance the effectiveness of the Board. If there is such a need, a search will be conducted to identify suitable candidates for the NC’s consideration. Upon identification of a candidate with the desired attributes, the NC will then make recommendation to the Board for the proposed appointment of Director.

In proposing the re-appointment or re-election of Directors, the NC takes into consideration, *inter alia*, contributions made by the Directors to the effectiveness of the Board and their commitment to their role.

The Constitution of the Company requires one-third of the Directors to retire from office at the Company’s Annual General Meeting (“AGM”) and a Director appointed by the Board during a financial year to submit himself / herself for re-election at the AGM immediately following his / her appointment.

Board Performance

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group’s business and that each Director, through his / her unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. In the event that the appointment of a new Board member is required, the criteria for the appointment will be driven by the need to position and shape the Board in line with the medium-term needs of the Group and its business.

The NC has decided, in consultation with the Board, on how the Board should be evaluated and has selected a set of performance criteria that is linked to long-term shareholders’ value, for evaluation of the Board’s performance. The NC has set up a formal assessment process to evaluate the effectiveness of the Board as a whole. The assessment, which is conducted annually, includes evaluation of the following:

- (i) composition of the Board;
- (ii) information provided to the Board;
- (iii) conduct of Board meetings;
- (iv) accountability of the Board, including whether the various Board Committees are functioning properly; and
- (v) the Board’s standards of conduct.

Although the Directors are not evaluated individually, the factors taken into consideration for the re-election or re-appointment of the Directors are, *inter alia*, contributions by the Directors to the effectiveness of the Board and their commitment to their role.

The Board has not engaged any external facilitator to conduct the performance evaluation of the Board. Where relevant and when the need arises, the NC will consider such an engagement.

Access to Information

Management provides the Board and Board Committees with relevant information and reports prior to their respective meetings. In addition, Management also provides the Board with further information or ad hoc reports as and when required. Board members are also consulted or updated with latest developments of the Group with regular management meetings, circulation of discussion papers and informal meetings such as discussions via tele-communications. At the quarterly Board meetings for reviewing the draft announcements of the Group's quarterly or full year results, the actual results are compared against the budget and explanations are provided by Management on the variances.

Directors have separate and independent access to the Company's senior management and the Company Secretaries for additional information. In addition, should Directors, whether as a group or individually, need independent professional advice, Management will, upon direction by the Board, appoint a professional advisor selected by the group or the individual, to render the advice. The cost of such professional advice will be borne by the Company.

At least one of the Company Secretaries attends Board meetings, particularly the meetings for reviewing the draft announcements of the Group's quarterly or full year results, and the meetings of the NC and the RC respectively. The Company Secretaries are responsible for ensuring that Board procedures are followed and that the Company complies with the requirements of the Companies Act. Together with the management staff of the Company, the Company Secretaries are also responsible for the Company's compliance with all SGX-ST's rules and regulations, which are applicable to the Company.

The appointment and the removal of the Company Secretaries require the Board's approval.

Remuneration Matters

Procedure for Developing Remuneration Policies

The RC currently comprises five Non-Executive Independent Directors and a Non-Executive Non-Independent Director, as follows:

Mr Allan Choy Kam Wing (Chairman)
 Mr Lim Ah Doo (Member)
 Mr Lim Hock Beng (Member)
 Mr Lim Jiew Keng (Member)
 Mr Goh Boon Seong (Member)
 Mr Leung Pak Chuen (Member)

The Chairman of the RC, Mr Allan Choy Kam Wing, is a Non-Executive Independent Director. The Chairman and members of the RC are knowledgeable with executive compensation.

The RC's terms of reference are primarily to:

- (i) review and recommend to the Board in consultation with Management and the Chairman of the Board, a framework of remuneration for the Board and Key Management Personnel (as defined in the Code) and to determine the specific remuneration packages and terms of employment for each of the Directors and Key Management Personnel and employees who are immediate family members (as defined in the Rules of SGX-ST) of a Director, the CEO or a substantial shareholder / controlling shareholder of the Company;
- (ii) recommend to the Board in consultation with Management and the Chairman of the Board, any share option schemes, share-based incentives or awards or any other long-term incentive schemes which may be set up from time to time, in particular to review whether Directors and senior executives should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith; and
- (iii) carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

As part of its review, the RC shall ensure that:

- (i) all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind are covered;
- (ii) the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Executive Directors' and Key Management Personnel's performances. A significant and appropriate proportion of the remuneration of the Executive Directors and Key Management Personnel should be structured so as to link rewards to corporate and individual performance;
- (iii) the remuneration package of employees who are immediate family members of a Director, the CEO or a substantial / controlling shareholder of the Company are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities;
- (iv) the level and structure of remuneration should be aligned with the long-term interests and risk policies of the Company and Guidelines 8.1 to 8.4 of the Code; and
- (v) the contracts of service of the Executive Directors and Key Management Personnel should contain fair and reasonable termination clauses which are not overly generous.

In reviewing the remuneration packages, the RC takes into account the current market circumstances and the need to attract and retain the existing Directors of experience and good standing. The RC has full authority to obtain external professional advice on matters relating to remuneration should the need arise.

Level and Mix of Remuneration

The remuneration policy for the Executive Directors and other executives adopted by the Company generally comprises a basic salary and a variable bonus that is linked to the performance of the Company and individual Executive Director or executive. Currently, the Company does not have any share option or incentive share scheme.

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from the Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against these personnel in the event of such breach of fiduciary duties.

The remuneration structure of the Executive Directors and Key Management Personnel is reviewed annually by the RC to determine whether it is effective in attracting, retaining and motivating them. The review includes comparisons against available industry information compiled by the Group's human resource department.

The fee structure for the Non-Executive Independent Directors and Non-Executive Non-Independent Director is determined after taking into account factors such as increased focus on risk and governance issues, responsibilities and level of contributions including attendance and time spent at and outside the formal environment of the Board and Board Committees meetings. Currently, the fee includes the following components:

- (i) a base fee;
- (ii) fee for acting as the Lead Independent Director;
- (iii) fee for acting as the Chairman or a member of the ARC, NC or RC; and
- (iv) fee for attending additional Board, ARC, NC or RC meetings when the number of such meetings attended exceeded the respective pre-determined number.

Disclosure of Remuneration

The remuneration of the Directors, top five Key Management Personnel and a Key Management Personnel who is an immediate family member of a Director is disclosed as follows:

- Table below shows breakdown of Directors' remuneration for the financial year ended 31 March 2019 (in percentage terms):

Name of Director	Salary ⁽²⁾ %	Bonus ⁽²⁾ %	Fees %	Other benefits %	Total %
\$S\$1,250,001 to \$S\$1,500,000					
Victor Lo Chung Wing	83	17	-	-	100
\$S\$1,000,001 to \$S\$1,250,000					
Brian Li Yiu Cheung	72	28	-	-	100
\$S\$500,001 to \$S\$750,000					
Lam Hin Lap	79	21	-	-	100
\$S\$250,001 to \$S\$500,000					
Leung Pak Chuen ⁽³⁾	48	49	3	-	100
Below \$S\$250,000 ⁽¹⁾					
Allan Choy Kam Wing	-	-	100	-	100
Andrew Chuang Siu Leung ⁽⁴⁾	81	19	-	-	100
Goh Boon Seong	-	-	100	-	100
Lim Ah Doo	-	-	100	-	100
Lim Hock Beng	-	-	100	-	100
Lim Jiew Keng	-	-	100	-	100
Wong Man Kit	-	-	-	-	-

Total Directors' remuneration for the financial year ended 31 March 2019 amounted to S\$4,100,000. Due to confidentiality and commercial sensitivity of the Directors' remunerations, the Board believes that the disclosure in bands of S\$250,000 provides sufficient overview of the remuneration of the Directors.

Note:

- ⁽¹⁾ In alphabetical order of the Directors' last names.
- ⁽²⁾ Includes contributions to post-retirement benefits.
- ⁽³⁾ Re-designated from Executive Vice Chairman to Non-Executive Vice Chairman with effect from 1 January 2019.
- ⁽⁴⁾ Retired on 1 July 2018.

2. Table below shows breakdown of top five Key Management Personnel's remuneration for the financial year ended 31 March 2019 (in percentage terms):

Name of Key Management Personnel	Salary ⁽²⁾ %	Bonus ⁽²⁾ %	Fees %	Other benefits %	Total %
S\$600,001 to S\$850,000 ⁽¹⁾					
Victor Chong Toong Ying	67	18	-	15	100
Jeroen Hoogland	62	19	-	19	100
Waltery Law Wang Chak	89	11	-	-	100
William Wang Jian Hao	23	77	-	-	100
Richard Yew Cheng Teik	80	19	-	1	100

Total top five Key Management Personnel's remuneration for the financial year ended 31 March 2019 amounted to S\$3,727,000.

Note:

⁽¹⁾ In alphabetical order of Key Management Personnel's last names.

⁽²⁾ Includes contributions to post-retirement benefits.

3. During the financial year ended 31 March 2019, Ms Grace Lo Kit Yee, daughter of Mr Victor Lo Chung Wing, received a remuneration which was more than S\$250,000 but less than S\$300,000. Save as aforementioned, no employee of the Group was an immediate family member of a Director and whose remuneration exceeded S\$50,000 during the financial year ended 31 March 2019. "Immediate family" means, in relation to a person, the person's spouse, child, adopted child, stepchild, brother, sister and parent.

No remuneration or compensation was paid or is to be paid in the form of share options, since the Company does not currently have any plan to implement share option or share incentive plans. However, this does not rule out the possibility of the Company doing so in the future.

The Executive Directors do not receive any Directors' fee for their directorship in the Company. The Company advocates a performance-based remuneration system for Executive Directors and Key Management Personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

Accountability and Audit

Accountability

The Board is accountable to the shareholders. It is the aim of the Board to provide a balanced and understandable assessment of the Group's performance, position and prospects when presenting the quarterly and annual financial statements, and price sensitive public reports, and reports to regulators (if required).

Management is accountable to the Board. Management prepares monthly management accounts, which is reviewed by the Executive Committee. Management provides the Board with the quarterly and full year results together with other relevant information, including comparison with budget, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospect.

Management is delegated with the responsibility of ensuring compliance with legislative and regulatory requirements, including requirements under the Rules of SGX-ST. In this connection, Management is encouraged to seek necessary professional advice from the Company Secretaries or legal advisors if necessary.

Risk Management and Internal Controls

Risk Management Framework

The Board is aware that a sound system of risk management and internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedures for reporting immediately to appropriate levels of management any significant risk management and control failings or weaknesses that are identified together with details of corrective action being taken. The Board has therefore established the necessary risk governance structure to ensure the effective executive of its risk management framework, policies and processes.

The Board is responsible for risk governance. All matters pertaining to the management of strategic, external and preventable risks are the responsibility of the ARC. Further information on the ARC, including its composition, are discussed under the "Audit and Risk Committee" section below.

The Group has established terms of reference within the ARC to oversee enterprise risk. The ARC is responsible for defining the level of risk which the business can take in pursuit of its strategic objectives. The ARC also has direct oversight for the proper setting up and maintenance of an enterprise risk management ("ERM") programme which is managed by the CRO.

The Board has already defined a proper framework of assurance for risk management and internal control. This has been in place since December 2014. This contains a Risk Governance and Internal Control Manual and an ERM Programme, which provides the appropriate level of risk consideration and mitigation. These documents also take into consideration the leading elements for proper internal control established by the Committee of Sponsoring Organisations for the Treadway Commission ("COSO") as well as the work performed across the financial period by the Internal Audit Department ("IAD") and other assurance providers. These documents are reviewed by the ARC and the Board annually and any decision making which entails going beyond the risk boundaries established under the defined risk governance of the Group is to obtain explicit Board approval.

The Board establishes the level of risk appetite and risk tolerance which is to be conformed within the pursuit of the business objectives. The Group has risk policies which define how ERM is operationalised within the Group and cover responsibilities for ERM, reporting requirements and the risk assessment process.

The ARC with their direct oversight for ERM across the Group, ensures that Management devises, implements and maintains adequate and effective internal control systems, including financial, operational, compliance and information technology controls, which are relevant to the various businesses within the Group and address the risk exposures accordingly. The Group takes a stance to mitigate and reduce the level of risk exposure for preventable risks. This is done by providing direct accountability to the risk owners and the CRO to track and manage the residual risk to acceptable levels. The ERM programme caters for this and ensures that regular monitoring of risk management activities are in place.

The CRO is responsible for ensuring that the Group risk profile is up to date and reflects the potential and relevant risk exposures to the business. Strategic risks are considered during the risk governance exercise and the Board takes an active role in determining how to manage, avoid or build contingencies for such external and strategic matters. All other risks are considered during periodic risk assessment exercises. In such exercises, prevailing and potential risks are reviewed and the risk profile is adjusted based on a collective assessment of the impact and likelihood of these risks (conducted in accordance with the Group's risk management programme for the financial year), as well as the effectiveness of controls in place to address them. The ARC is periodically apprised of the changes to risk profile and any major risk exposures that are insufficiently covered by existing business practices or future strategic initiatives.

Roles of ARC and CRO

The overall objective of the ARC is to provide oversight that:

- (i) Management has created and maintained an effective risk management and control environment in the Company;
- (ii) Management demonstrates the necessary aspect of the internal control structure among all parties; and
- (iii) There is a sound internal control system and risk management practices in the Company.

The ARC is governed by its terms of reference and its responsibilities relating to risk management and internal controls largely cover:

- (i) review with the external auditors, *inter alia*, their evaluation of the system of internal accounting controls;
- (ii) review at least once annually the adequacy and the effectiveness of the Company's internal controls, i.e. the financial, operational, compliance and information technology controls, and risk management systems, including the overall risk assessment process to ensure a robust risk management system is maintained and report to the Board;
- (iii) review the assurance provided by the Chairman and CEO and CFO, as well as the assurance provided by the head of IAD regarding, *inter alia*, the effectiveness of the Company's risk management and internal control systems;
- (iv) review reports submitted by the CRO and prepare ARC report regarding the adequacy and effectiveness of risk management and internal control systems to the Board;
- (v) ensure the head of the internal audit function and CRO has direct and unrestricted access to the Chairman of the Board and ARC; and
- (vi) recommend to the Board the statement to be included in the Company's Annual Report relating to the adequacy and effectiveness of the Company's risk management and internal control systems.

The role of the CRO is to:

- (i) lead, facilitate, integrate and coordinate risk management;
- (ii) create a culture of risk awareness and Management's risk responsibilities;
- (iii) bring formal consideration of risk into strategic decision making and set financial targets;
- (iv) develop a centre of excellence for managing risk; and
- (v) assist the Board and ARC to communicate to all stakeholders, internal and external, about risk.

The responsibilities of the CRO include:

- (i) advising and reporting to the ARC and Board on major risk areas for public announcements related to quarterly and annual reporting;
- (ii) reviewing and advising the ARC in formulating its risk policies, including the parameters for risk assessments and methodology to be adopted;
- (iii) overseeing Management in the design, development, implementation and monitoring of the risk management and internal control systems;
- (iv) advising the ARC on the Company's level of risk tolerance;
- (v) developing and guiding the ARC and Board in establishing a process of effectively identifying and managing the implications of risks tolerance in internal controls and strategic transactions to be undertaken by the Company;
- (vi) overseeing and advising the Board on the current risk exposures, overall risk tolerance, and overall risk strategy of the Company;
- (vii) reviewing the Company's risk profile / risk dashboard on a regular basis;
- (viii) reviewing, at least annually, the effectiveness of the Company's internal controls and risk management systems, including the overall risk management;
- (ix) reviewing periodically the risk limits established by the Group and where applicable, reporting any material breach of such limits and the adequacy of proposed actions to be taken;
- (x) submitting reports to the ARC and assist in the preparation of the ARC reporting regarding adequacy and effectiveness of risk management and internal control systems to the Board; and
- (xi) ensuring the independence of the risk management function throughout the Group.

During the financial year ended 31 March 2019, Mr Andrew Chuang Siu Leung retired as the Company's CRO with effect from 1 July 2018 and Mr Waltery Law Wang Chak was appointed the Company's CRO with effect from 1 July 2018 in place of Mr Andrew Chuang Siu Leung.

Risk Management and Internal Control Systems

The Board has, with the assistance of the ARC, evaluated the adequacy and effectiveness of the Group's risk management and internal control systems. There is already an established process in place for the Board to drive the Group's propensity for taking risk and the minimum risk management activities that are expected to be conducted. There is also a formal ERM programme which allows Management to communicate the key changes to business risk to the ARC and thereon the Board. This enables the prioritisation of resources and efforts to address the more pertinent and critical risks to the business.

Aside to this, the Board works with the ARC to define the established lines of defense. This facilitates an understanding of the various parties / functions and mechanisms in place to detect, counter and address risk.

The first line of defense is that of the management team, who have established minimum controls and management assurance activities. These operate on a day to day basis, to handle matters pertaining to business activities and operational needs. The second line of defense is that of risk management, which in being headed by the CRO, facilitates monitoring and early detection of plausible risks. These are brought to the attention of the ARC where needed, to assign and re-deploy resources to counter the risk exposure. As a final line of defense, the Group also maintains an in-house internal audit function. They form an independent and objective assurance function, which assess the two lines of defense described earlier.

The ARC seeks assurance from all the above mentioned parties and holistically assesses if there are any material gaps or concerns and highlights which would impact the ability of the Board to opine on the state of internal control. Such an exercise is conducted annually.

During the financial year, the Board received written assurance from the Chairman and CEO, the Executive Vice President and the CFO (herein collectively referred to as the "Key Senior Management") that (a) the Group's financial records have been properly maintained and the consolidated financial statements give a true and fair view of the Group's operations and finances; (b) the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective; and (c) the Group's internal controls, addressing financial, operational and compliance risks, are adequate and effective.

The Key Senior Management are involved in the assurance activities described above. Specifically, they are engaged in the development of the Group's Risk Governance and Internal Control Manual, the profiling of the enterprise risks, as well as the first and second lines of defense. Their active involvement in charting out Management's responses as well as their interaction with the ARC and Board, provide further grounds for their assurance over operational (including technology), financial and compliance risk matters.

The Board with the assistance of the ARC has undertaken an annual evaluation of the adequacy and effectiveness of the risk management and internal control systems. The assessment considered both the key risk profile of the Company, the ability to discharge proper risk governance responsibilities and the existence and effectiveness of the principles within the Company to meet the requirements of an effective internal control system as stipulated by COSO.

The Board's annual assessment of risk management and internal control was based on the Risk Governance and Internal Control Manual and the evaluation against a COSO Internal Control Checklist which considered:

- (i) the changes to the business strategy and accompanying changes to the risk profile, risk appetite and tolerance limits;
- (ii) the changes to the Board authority and authorisation responsibilities delegated to Management in respect of the changes to the key business strategies;
- (iii) the policies and authorisation responsibilities of the Company;
- (iv) the adequacy and effectiveness of risk management activities to address the pertinent risks;
- (v) the controls and activities in place to uphold and enforce the principles of effective internal control by COSO covering the control environment, risk assessment, control activities, information and communication and monitoring activities; and
- (vi) the occurrence of significant internal control weaknesses during the financial period and whether these issues were adequately and properly addressed.

The Board reviewed the above in order to understand the profile of risks relevant to the Company and the appropriateness of counter-measures to manage them.

In addition to the above, the Board has also sought assurance from the internal audit function on the effectiveness of the risk management programme and the state of internal control for the areas covered under their internal audit plan for the financial period.

Based on the internal controls and risk governance practices established and maintained by the Group, work performed by the IAD and external auditors, assurance from Key Senior Management and reviews performed by the ARC and Management, the Board with the concurrence of the ARC is of the opinion that as at 31 March 2019:

- (i) the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective; and
- (ii) the Group's internal controls, addressing financial, operational and compliance risks, were adequate and effective.

Notwithstanding the above, the system of internal controls and risk governance practices does not provide absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

Audit and Risk Committee

The ARC currently has four members and comprises three Non-Executive Independent Directors and a Non-Executive Non-Independent Director, as follows:

Mr Lim Ah Doo (Chairman)
 Mr Lim Hock Beng (Member)
 Mr Allan Choy Kam Wing (Member)
 Mr Leung Pak Chuen (Member)

The Chairman of the ARC, Mr Lim Ah Doo, is a Non-Executive Independent Director and the Lead Independent Director.

The Chairman and members of the ARC are experienced professionals and / or businessmen. They all have relevant experience and are knowledgeable in accounting, banking and financial management. The members have been elected also on the basis that they possess extensive general business knowledge. The Board is of the view that all members of the ARC have sufficient financial management expertise, commercial and business experience to discharge their duties and responsibilities adequately and effectively.

The ARC convened four meetings during the financial year ended 31 March 2019. During these meetings, the ARC reviewed, *inter alia*, the unaudited quarterly and full year financial results, received the reports by the IAD and was briefed by the external auditors of the Company, Deloitte & Touche LLP ("DT"), on their Professional Service Planning Memorandum ("PSPM") prepared in connection with the annual statutory audit.

The ARC have therefore been apprised of the relevant new or changes to financial reporting standards and relevant laws and regulations via their review of the PSPM.

In addition to the oversight for risk management matters and internal controls, the ARC also provides oversight for financial and audit related matters of the Group. The ARC has a formalised terms of reference which sets out the membership, administration, duties, reporting procedure, attendance at general meetings and remuneration of the members of the ARC. In addition to the responsibilities relating to risk management and internal controls discussed under the "Risk Management and Internal Controls" section above, the responsibilities of the ARC also include:

- (i) reviewing with external auditors, their audit plan, nature and scope of the audit, evaluation of internal controls and audit report;
- (ii) reviewing quarterly and annual results for public announcement and annual financial statements to ensure their integrity before submission to the Board for approval, with particular focus on significant financial reporting issues and judgements, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, going concern statement, compliance with accounting standards, stock exchange and statutory / regulatory requirements;
- (iii) discussing problems and concerns, if any, arising from the audit;
- (iv) reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually;
- (v) reviewing the internal audit programme and the adequacy and effectiveness of the Company's internal audit function, and ensuring co-ordination between the internal and external auditors and Management;
- (vi) ensuring the internal audit function is independent of the activities it audits, has sufficient resources to perform its duties, and has appropriate standing within the Company;
- (vii) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting firm / auditing firm or corporation to which the internal audit function is outsourced;
- (viii) recommending to the Board the appointment / re-appointment of the external auditors, the audit fee and matters related to the resignation or dismissal of the auditors;
- (ix) ensuring external auditors have direct and unrestricted access to the Chairman of the ARC and the Chairman of the Board;
- (x) reviewing the assurance provided by the CEO and CFO (or their equivalents) regarding the financial records being properly maintained and the financial statements give a true and fair view of the Company's operations;
- (xi) reviewing the Group's interested person transactions and considering whether they are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders; and
- (xii) undertaking such other reviews and projects as may be requested by the Board, and such other functions and duties as required by statute or the Listing Manual of SGX-ST or the Code.

The ARC has explicit authority to investigate any matter within its terms of reference and has full and unfettered access to and co-operation by Management. The ARC is able to draw on independent professional advice at the Company's expense, to enable it to discharge its function properly.

The ARC meetings are held with the internal and external auditors and by invitation, any Director and Management representative.

The ARC and Board noted that the Company's external auditors are engaged to audit the financial statements of the Company and its Singapore-incorporated subsidiaries and significant associated companies. The ARC and Board are satisfied that suitable auditing firms are engaged for its significant foreign-incorporated subsidiaries and associated companies. Accordingly, the Company complies with Rule 712 and Rule 715 of SGX-ST.

The ARC has considered the report from DT, including their findings on significant risks and the key areas of audit focus. The ARC has discussed and reviewed the key audit matters ("KAMs") included in the independent auditor's report for the financial year ended 31 March 2019 with Management and DT, and is in agreement with the KAMs highlighted. The independent auditor's report for the financial year ended 31 March 2019 is set out on pages 29 to 35 of the Annual Report.

The ARC conducted a review of the Group's Interested Person Transactions ("IPT") to ensure that the transactions were in accordance with the Shareholders' Mandate and complied with Chapter 9 of the Listing Manual of SGX-ST. The ARC is satisfied that other than those reported to the ARC, there were no material contracts involving the interests of the Directors, the controlling shareholders or their associates. The ARC is therefore satisfied over the adequacy of internal controls relating to the identification, evaluation, review, approval and reporting of IPTs.

The ARC also meets annually with the external and internal auditors, without the presence of Management, as well as only with the external auditors without the presence of the internal auditors and Management.

The ARC has reviewed all non-audit services rendered by DT and is of the opinion that such services received would not affect the auditor's independence. During the financial year ended 31 March 2019, the aggregate amount of fees paid and payable to DT and its member firms is as follows:

Type of service	S\$'000
Audit	1,439
Non-audit	94
	<u>1,533</u>

The ARC has established a Whistle-Blowing Policy, whereby staff may, in strictest confidence, raise concerns about possible improprieties relating to financial reporting, fraudulent acts and other matters and ensure that arrangements are in place for independent investigations of such matters and review of the outcome of the follow-up actions.

The ARC members are kept abreast of changes of accounting standards and issues which have a direct impact on financial statements through updates from the Group's external auditors.

Neither any member of the ARC nor the ARC Chairman are former partners or directors of the Group's external audit firm.

Internal Audit

The Group's internal audit function is performed by the in-house IAD which presently has a staff strength of eight. The IAD is headed by a Director of Internal Audit (the "IA Director"). The internal audit function is independent of Management.

To further facilitate the independence of the IAD, the IA Director has a direct and primary reporting line to the ARC Chairman. The IA Director also reports administratively to the Executive Vice President.

The ARC assesses on a regular basis, the resourcing adequacy of the IAD, remuneration, performance evaluation and all outsourcing arrangements entered into with external professional services providers (if any). The hiring and removal of the head of IAD is also subject to the ARC's review and approval.

All members of IAD including the IA Director are suitably qualified and the IA Director holds professional certifications in internal auditing issued by the Institute of Internal Auditors (the "IIA"). The IAD is given sufficient time and resources dedicated by Management to facilitate the proper completion of internal audits and reporting of any material matters to the ARC.

The IAD adopts the internal control framework established by COSO when performing its work and the internal audit plan is developed through a risk centric approach. The IAD has adopted and conducts its internal audit reviews based on the International Standards for the Professional Practice of Internal Auditing (the "IIA Standards") of the International Professional Practices Framework of the IIA. This ensures that the IAD maintains the appropriate level of conformance to the attribute and performance standards of an internal audit function. Members of the IAD also undergo continuous professional training through attendance at professional technical training sessions organised by qualified external institutions and bodies.

The IAD formally reports the findings from the internal audit reviews conducted at the quarterly ARC meetings. On an annual basis, the ARC reviews and approves annual internal audit plan as well as any further requirements in professional resources to conduct the required internal audit reviews. The key findings from the internal audit reviews are also shared with the risk management team and the CRO, to facilitate the necessary inclusion in the consideration of the Group's risks during the risk assessment process.

As part of the work done to provide the basis for the opinion on internal control, the ARC also assesses the findings of:

- (i) the internal audit visits performed on the activities or entities within scope;
- (ii) the evaluation of the framework of risk governance; and
- (iii) the assessment of adequacy of risk management and internal controls over financial, operational and compliance risk as principally managed by the first and second lines of defense (i.e. management and the Group risk management function).

The ARC also evaluates any weaknesses or material non-compliance identified by the external auditors during the course of their financial audit, and the effectiveness of remediation actions taken to address the issues reported (if any).

The quality of the IAD is regularly assessed to ensure compliance with the IIA Standards. During the financial year ended 31 March 2016, the Company engaged one of the big four accounting firms, other than DT, to perform a Quality Assurance Review ("QAR") on the internal audit function, based on Standard 1312 – *External Assessments of International Professional Practices Framework of the IIA*. The QAR covered the attribute standards (attributes of the function and individuals that perform internal audit) and the performance standards (which defines the nature of internal audit and provides quality criteria to measure the performance of these services). The QAR confirmed that the IAD complied with the requirements of the IIA Standards in all material respects.

Shareholder Rights and Responsibilities

Shareholder Rights

The Company does not practise selective disclosure. The Company informs shareholders, stakeholders and the public of all material information about the Company and the Group through announcements timely released via the SGXNet. For example, unaudited quarterly financial results, full year financial results and daily share buy-back activities are announced within the period stipulated by the relevant Rules of SGX-ST. Price sensitive information is first publicly released, either before the Company meets with any group of investors or investment analysts or simultaneously with such meetings, if necessary. The Company's announcements are also available on the Company's website.

All shareholders of the Company receive a copy of the Annual Report and notice of AGM. The notice of AGM is also advertised in a newspaper. The notice of AGM and other notice of general meeting of shareholders include information on, *inter alia*, the effect of the proposed resolutions in respect of the non-routine businesses.

All shareholders, other than those who are considered the "Interested Persons" in an interested person transaction (as defined in the Listing Manual of SGX-ST) subject to the approval by the shareholders, are entitled to vote at general meetings. For shareholders who are unable to attend and vote in person, the Company's Constitution allows a shareholder of the Company to appoint one or two proxies to attend and vote at all general meetings on his / her behalf. In addition, pursuant to the prevailing Companies Act, specified intermediaries and capital markets services licence holders which provide custodial services are allowed to appoint more than two proxies. Therefore, indirect investors can be appointed as proxies to participate in general meetings and are given the same right as direct investors in general meetings.

In addition, at a general meeting of shareholders, the Company Secretaries and representatives from the share registrar's office are also available to provide shareholders with information on the rules, including voting procedures, that govern the meeting.

Communication with Shareholders

The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Company and the Group via SGXNet, in line with the Company's disclosure obligation pursuant to the Listing Manual of SGX-ST and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

Pertinent information is communicated to shareholders primarily through timely announcements released via SGXNet. To ensure the announcements are as descriptive, detailed and forthcoming as possible, the announcements are reviewed by the Company Secretaries before they are released. In addition, where appropriate, announcements are prepared with the assistance of other professional advisors, such as legal advisors and financial advisors.

The AGM is the annual forum at which the Company directly communicate with the shareholders, gather their views and input and address their concerns. In addition, shareholders can also contact the Company through electronic mails, written correspondences and telephone through which investors can share their views on the Group with Management.

Dividends are declared by the Board after considering the Group's results of operations and financial position taking into consideration the Group's business plans. Final dividend proposed by the Board is subject to approval by the shareholders at an AGM. For the financial year ended 31 March 2019, the Board has declared and paid an interim dividend of 1.25 Singapore cents, and proposed a final dividend of 2.25 Singapore cents for shareholders' approval at the forthcoming AGM.

Conduct of Shareholder Meetings

Shareholders are encouraged to attend the Company's general meetings. As discussed in the "Shareholder Rights" section above, subject to the provisions of the Company's Constitution and the Companies Act, shareholders who are unable to attend and vote in person or indirect shareholders can appoint proxy or proxies to attend and vote at all general meetings on his / her behalf.

Voting in absentia is currently not permitted and may only be possible following, *inter alia*, relevant legislative changes.

The Company puts substantially separate issues to vote at general meetings as separate resolutions, unless the resolutions are interdependent and linked to form one significant proposal.

At AGMs, shareholders are given the opportunity to communicate their views and ask questions regarding the Group. Board members, Chairman of the ARC, NC and RC are available to address questions raised at AGMs. In addition, the Company's external auditors, DT, are also invited to attend AGMs to address questions which are related to the conduct of the audit. In extraordinary general meetings, external professional advisors engaged in advising the matters being put to vote are invited to attend the meetings, so that the shareholders can seek necessary clarification directly from these professional advisors.

Since the Company's AGM held on 29 July 2016, the Company has complied with Rule 730A(2) of SGX-ST which requires all resolutions be voted by poll at general meetings to be held on or after 1 August 2015, and Rule 704(16) of SGX-ST which sets out the information to be included in the announcement of the result of resolutions put to a general meeting. The shareholders will be informed of the voting procedures at the commencement of the general meetings.

Dealing in Securities

The Group has adopted a Code of Best Practices on Securities Transactions with respect to dealings in securities by Directors and officers of the Group.

Directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing two weeks before the announcement of the Company's results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year results, ending on the date of the relevant announcement of the results. Directors and officers are also prohibited from dealing in the Company's securities when they are in possession of potentially price sensitive information.

Directors and officers of the Group are also not expected to deal in the Company's securities on considerations of a short-term nature.

The Company has complied with its Code of Best Practices on Securities Transactions.

Material Contracts

Save as disclosed in the Directors' Statement and the financial statements and under the "Interested Person Transactions" section below, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interests of the Chairman and CEO, Directors or the controlling shareholders, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Sustainability

The Board recognises that sustainability is a key factor to the long-term success of the Group, which enhance the stakeholder value. In formulating its business strategies, due consideration are given by the Board to risks and opportunities arising from the sustainability issues.

The Board has delegated the responsibility for monitoring and overseeing the Group's sustainability efforts to management, comprising the Executive Directors and the heads of functional departments, such as finance and human resources, and business units. In addition, an Environmental, Health and Safety Committee (the "EHS Committee") has been formed to evaluate and determine the environmental, health and safety related risks pertaining to the Group's businesses.

The Board incorporates sustainability issues into the strategic formulation of the Group. The Board approves the material environmental, social and economic factors identified by the EHS Committee, and ensures that the factors identified are well-managed and monitored by the EHS Committee.

The Group's sustainability efforts and performance for its financial year ended 31 March 2019 will be discussed in more details in a separate sustainability report (the "FY2019 SR"). The FY2019 SR, which meets the requirement of SGX-ST, is expected to be available by August 2019.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's IPTs. The Company's disclosure in accordance with Rule 907 of SGX-ST in respect of IPTs for the financial year ended 31 March 2019 is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of SGX-ST)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of SGX-ST during the financial year under review (excluding transactions less than S\$100,000)	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000

Sales:

Light Engine Ltd	-	-	30	139
Huizhou Light Engine Limited	-	-	116	-
Gold Peak Industries (Holdings) Limited	-	-	40	56

Acquisition of issued shares of

GP Batteries ⁽¹⁾:

Victor Lo Chung Wing	-	390	-	-
Paul Lo Chung Wai	-	156	-	-
Grace Lo Kit Yee	-	98	-	-

Note:

- ⁽¹⁾ During the financial quarter ended 31 December 2017, pursuant to a general offer the Company acquired all the remaining issued shares of GP Batteries ("GP Batteries Shares") held by other shareholders of GP Batteries, including Mr Victor Lo Chung Wing, an interested person, and his associates, at an offer price of S\$1.30 per GP Batteries Share.

Shareholdings Statistics

As at 18 June 2019

Class of equity securities	:	Ordinary Shares
Number of issued shares	:	521,358,482
Number of issued shares excluding treasury shares and subsidiary holdings	:	484,046,682
Voting rights	:	One vote per share

Treasury shares and subsidiary holdings

Number of treasury shares	:	37,311,800
Number of subsidiary holdings	:	-
Percentage of treasury shares against the total number of issued shares excluding treasury shares and subsidiary holdings	:	7.71%

Distribution of shareholdings

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 - 99	42	2.82	1,562	0.00
100 - 1,000	245	16.48	211,346	0.04
1,001 - 10,000	718	48.29	3,526,833	0.73
10,001 - 1,000,000	473	31.81	31,919,897	6.60
1,000,001 and above	9	0.60	448,387,044	92.63
	1,487	100.00	484,046,682	100.00

Public float

As at 18 June 2019, approximately 13.48% of the Company's issued shares (excluding treasury shares and subsidiary holdings) are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Substantial shareholders

(as recorded in the Register of Substantial Shareholders)

Name of substantial shareholder	Direct Interest		Deemed Interest	
	Number of shares	%	Number of shares	%
Gold Peak Industries (Holdings) Limited	414,098,443	85.55	-	-
Victor Lo Chung Wing ⁽¹⁾	300,000	0.06	414,098,443	85.55

Note:

- ⁽¹⁾ Mr Victor Lo Chung Wing's deemed interest in 414,098,443 issued shares of the Company arises pursuant to his aggregate direct and deemed interests in the issued shares of Gold Peak Industries (Holdings) Limited ("Gold Peak") of approximately 21.98%, and Gold Peak's direct interest in 414,098,443 issued shares of the Company.

Twenty largest shareholders

No.	Name of shareholder	Number of shares	%
1.	Gold Peak Industries (Holdings) Limited	414,098,443	85.55
2.	Mighty Holdings Limited	7,315,000	1.51
3.	Diamond Coin Holdings Limited	6,870,000	1.42
4.	Ablewood International Limited	5,830,000	1.21
5.	Citibank Nominees Singapore Pte Ltd	5,220,272	1.08
6.	DBS Nominees (Private) Limited	4,663,329	0.96
7.	Leung Pak Chuen	1,608,000	0.33
8.	Brian Li Yiu Cheung	1,465,000	0.30
9.	Artful Enterprises Limited	1,317,000	0.27
10.	Phillip Securities Pte Ltd	962,848	0.20
11.	Woo Koon Chee	782,300	0.16
12.	Tan Seok Ling	673,409	0.14
13.	Lim & Tan Securities Pte Ltd	639,148	0.14
14.	Ng Poh Mui	625,700	0.13
15.	Quah Biow Chye	593,140	0.12
16.	UOB Kay Hian Private Limited	577,163	0.12
17.	Hobee Print Pte Ltd	520,000	0.11
18.	Chiam Toon Chew	517,224	0.11
19.	Koh Family Trading Pte Ltd	500,000	0.10
20.	Zen Property Management Pte Ltd	500,000	0.10
		455,277,976	94.06

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GP Industries Limited

3 Fusionopolis Link

#06-11 Nexus @one-north

Singapore 138543

Tel : (65) 6395 0850 Fax : (65) 6395 0860

Email : gpind@gp-industries.com

Website : www.gp-industries.com

Co. Reg. No. 199502128C



Member
Gold Peak Group