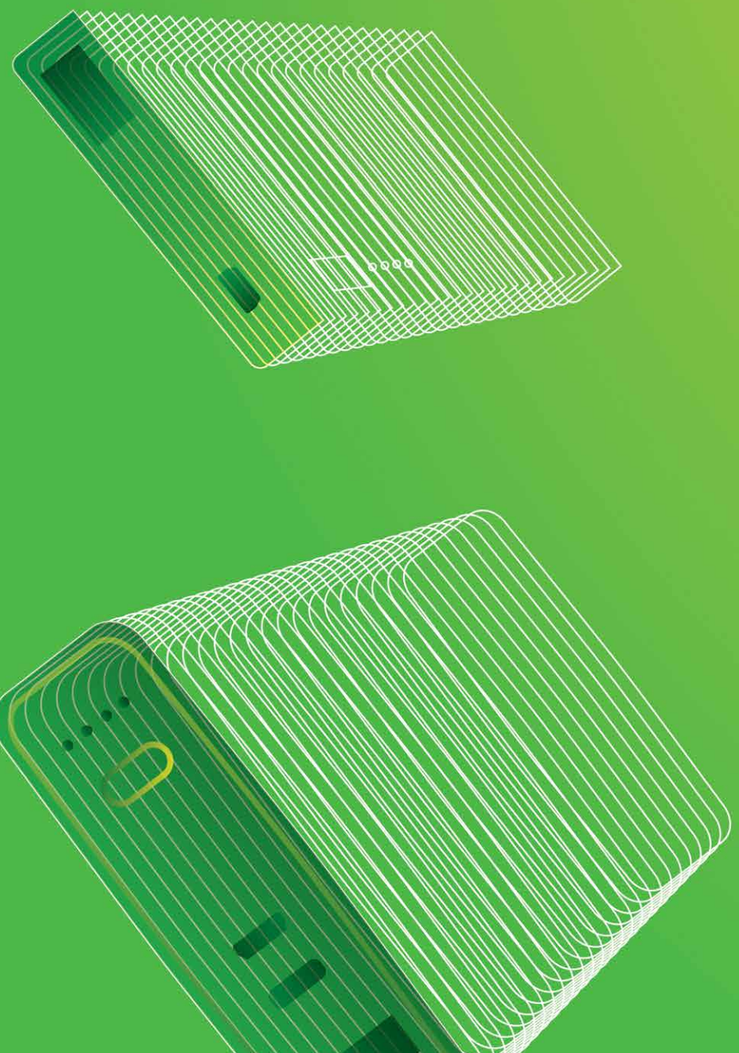
GP Batteries International Limited

3 Fusionopolis Link
#06-10 Nexus @one-north
Singapore 138543
Tel : (65) 6559 9800 Fax : (65) 6559 9801
Email : gpbi@gpbatteries.com.sg
Website : www.gpbatteries.com.sg
Co. Reg. No. 199002111N

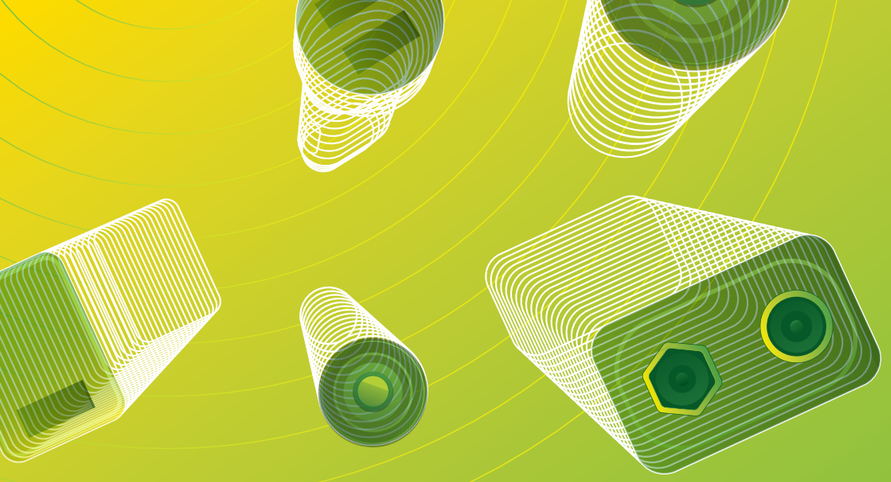
Member
Gold Peak Group



GP Batteries International Limited Annual Report 2016 – 2017

GP Batteries International Limited
Annual Report
2016 – 2017





FINANCIAL CALENDAR

Announcement of First Quarter Results
10 August 2016

Announcement of Second Quarter Results
10 November 2016

Announcement of Third Quarter Results
8 February 2017

Announcement of Full Year Results
22 May 2017

Despatch of Annual Report to Shareholders
13 July 2017

Annual General Meeting
28 July 2017

Dividends
Interim –
Paid on 22 December 2016

Final –
Payable on 5 September 2017

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CORPORATE INFORMATION

Board of Directors

Executive

Victor LO Chung Wing
Chairman and Chief Executive Officer

Richard KU Yuk Hing
Vice Chairman

Henry LEUNG Kwong Hang
Executive Vice President and Chief Risk Officer

LEUNG Pak Chuen

HUI Wing Sun

Brian WONG Tze Hang
Chief Financial Officer

Independent Non-Executive

LIM Jiew Keng
Lead Independent Director

Allan CHOY Kam Wing

GOH Boon Seong

Audit and Risk Committee

LIM Jiew Keng
Chairman

Allan CHOY Kam Wing

GOH Boon Seong

Nominating Committee

Allan CHOY Kam Wing
Chairman

LIM Jiew Keng

GOH Boon Seong

Victor LO Chung Wing

Henry LEUNG Kwong Hang

Remuneration Committee

GOH Boon Seong
Chairman

LIM Jiew Keng

Allan CHOY Kam Wing

Registered Office

3 Fusionopolis Link
#06-10 Nexus @one-north
Singapore 138543
Tel: (65) 6559 9800 Fax: (65) 6559 9801
E-mail: gpbi@gpbatteries.com.sg
Website: www.gpbatteries.com.sg

Company Secretaries

Victor Lai Kuan Loong *(appointed on 10 August 2016)*

KIAR Lee Noi

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355 Fax: (65) 6536 1360

Auditors

Deloitte & Touche LLP
6 Shenton Way OUE Downtown 2 #33-00
Singapore 068809

Audit Partner-in-charge
LOI Chee Keong
(appointed since financial year ended 31 March 2016)

Principal Bankers

DBS Bank Ltd
Oversea-Chinese Banking Corporation 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

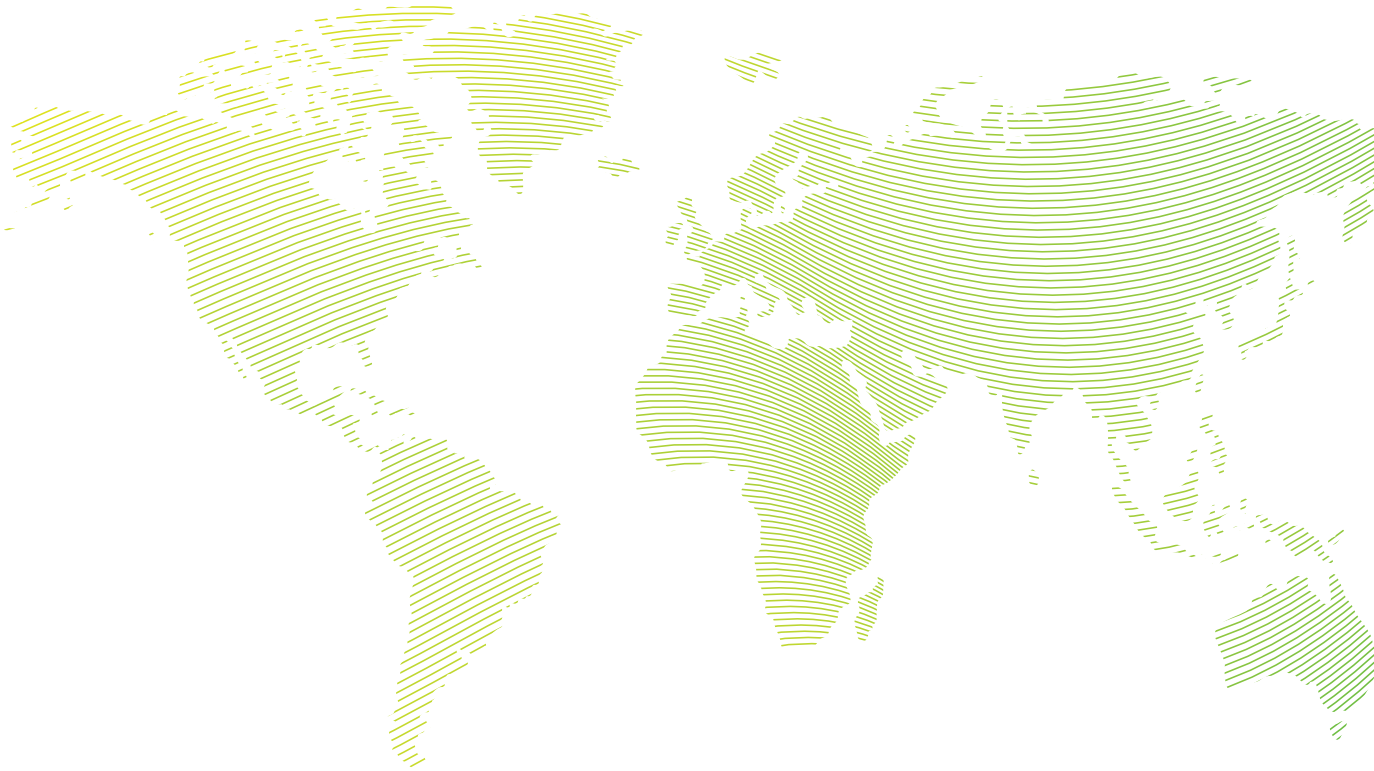
GP Batteries International Limited

- Listed on Mainboard of the Singapore Exchange Securities Trading Limited since 1991
- Major global developer, manufacturer and distributor of primary and rechargeable batteries
- The world's largest manufacturer of NiMH rechargeables
- One of the largest consumer battery producers in China
- Global team: approx. 5,600
- Global floor space: approx. 281,000 sqm
- Production plants: Hong Kong, China, Taiwan, Malaysia and Vietnam
- Distribution offices: Asia, Europe and North America

FUNCTIONAL STRUCTURE

MANUFACTURING

Primary Specialty	Primary Cylindrical	Rechargeable & Others
China 100% GP Batteries (China) Limited	**China 90%** Ningbo GP Energy Co., Ltd	**China 100%** Dongguan Chao Ba Batteries Co Ltd
China 100% Ningbo Bi Ba Energy Ltd.	**Vietnam 79%** GP Batteries (Vietnam) Limited Liability Company	**China 100%** GP Batteries (Shenzhen) Co., Ltd
Malaysia 100% GP Batteries (Malaysia) Sdn Bhd	**China 72%** Ningbo Fubang Battery Co Ltd	**China 100%** Huizhou Modern Battery Limited
	China 70% Zhongyin (Ningbo) Battery Co., Ltd	
	China 42.5% T.G. Battery Co. (China) Limited	
	Vietnam 30% Hanoi Battery Joint Stock Company	

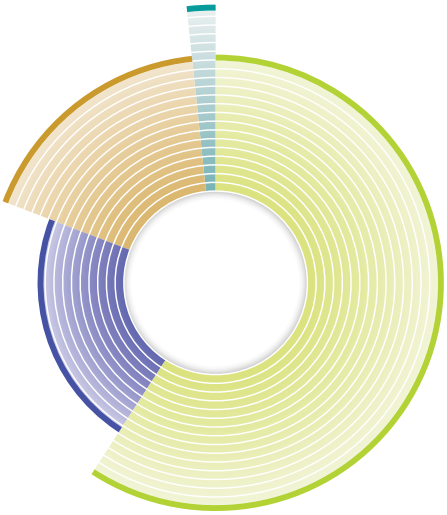


MARKETING & TRADING

Asia & Middle East	Europe	Americas
Hong Kong 100% GPI International Limited	**Netherlands 100%** GP Batteries Europe B.V.	**US 100%** GP Batteries (Americas) Inc
Hong Kong 100% GP Battery Marketing (H.K.) Limited	**Poland 100%** GP Battery (Poland) Sp.z.o.o.	
Malaysia 100% GP Battery Marketing (Malaysia) Sdn Bhd	**UK 100%** GP Batteries (U.K.) Limited	
Singapore 100% GP Battery Marketing (Singapore) Pte Ltd	**Germany 50%** GP Battery Marketing (Germany) GmbH	
China 90% Huizhou Chao Ba Batteries Co Ltd	**Russia 40%** AZ Limited	
South Korea 90% GP Battery Marketing (Korea) Limited	**Italy 25.8%** GP Battery Marketing Italy S.r.l	
UAE 50% GP Battery Marketing (Middle East) Limited (FZC)	**Sweden 25.8%** GPBM Nordic AB	
Thailand 49% GP Battery Marketing (Thailand) Co Ltd	**France 24.5%** GP Battery Marketing France SA	

FINANCIAL HIGHLIGHTS

	2017	2016
Consolidated Results		
Year ended 31 March (S$ million)		
Revenue	**759.8**	765.3
Profit before income tax	**29.2**	28.6
Profit attributable to equity holders of the Company	**3.5**	2.4
Basic earnings per share (cents)	**2.21**	1.49
Tax-exempt (1-tier) dividend (cents per share)	**2.50**	4.00
Financial Position		
At 31 March (S$ million)		
Shareholders' funds	**226.2**	231.9
Total assets	**669.0**	622.7
Capital expenditure	**37.9**	19.3
Ratios		
Current assets : Current liabilities (ratio)	**1.1**	1.3
Inventory turnover period (months)	**1.7**	1.7
Net borrowings : Equity (ratio)	**0.3**	0.2
Other Information		
Subsidiaries		
Number of employees	**5,600**	5,800
Total floor area (sq.m.)	**281,000**	251,000



Revenue by Products

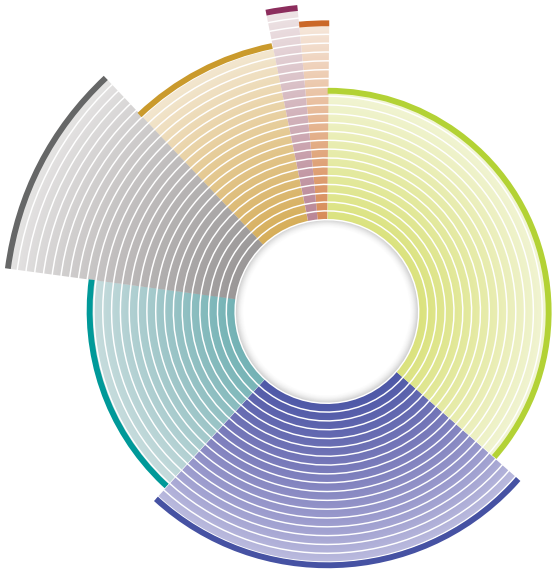
Year ended 31 March 2017

58.9%	Primary Cylindrical
21.8%	Primary Specialty
17.4%	Rechargeable
1.9%	Others

Revenue by Locations of Customers

Year ended 31 March 2017

China	36.6%
Europe	25.3%
N & S America	15.1%
Rest of Asia	10.6%
Hong Kong	9.1%
Others	1.7%
ASEAN	1.6%





Total Assets by Geographical Areas

At 31 March 2017

62.7%	China
16.5%	Hong Kong
7.9%	Singapore & Malaysia
4.4%	Europe
4.1%	Taiwan
3.1%	Others
1.3%	N & S America

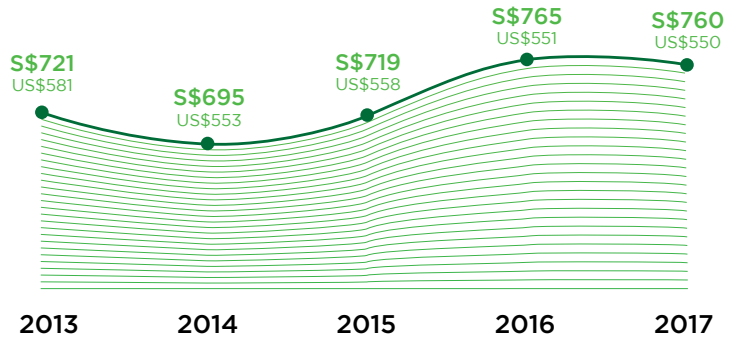
FIVE-YEAR FINANCIAL SUMMARY

Consolidated Results Year ended 31 March	2017 S$'000	2016 S$'000	2015 S$'000	2014 S$'000	2013 S$'000
Revenue	**759,842**	765,254	719,335	695,407	721,071
Profit (Loss) for the year	**14,845**	15,689	25,234	(47,957)	(7,073)
Non-controlling interests	**(11,357)**	(13,292)	(12,253)	(4,000)	(9,109)
Profit (Loss) attributable to equity holders of the Company	**3,488**	2,397	12,981	(51,957)	(16,182)

Financial Position At 31 March	2017 S$'000	2016 S$'000	2015 S$'000	2014 S$'000	2013 S$'000
Investment property	**1,791**	1,672	1,747	1,601	1,123
Property, plant & equipment	**201,850**	194,039	211,553	215,240	228,543
Interest in associates	**52,722**	46,329	46,606	52,066	60,410
Available-for-sale investments	**6,291**	5,777	5,699	4,722	3,664
Deferred tax assets	**3,549**	3,729	3,661	5,713	4,635
Intangible assets	**0**	0	0	0	80
Goodwill on consolidation	**11,970**	11,548	14,709	13,485	16,773
Non-current deposits	**6,052**	3,095	705	156	445
Current assets	**384,763**	356,474	324,379	322,684	335,868
Total assets	**668,988**	622,663	609,059	615,667	651,541
Non-current liabilities	**26,381**	45,602	3,437	6,020	35,673
Current liabilities	**335,542**	264,513	263,093	299,599	293,526
Total liabilities	**361,923**	310,115	266,530	305,619	329,199
Net assets	**307,065**	312,548	342,529	310,048	322,342
Shareholders' funds	**226,196**	231,888	265,357	248,246	268,890
Non-controlling interests	**80,869**	80,660	77,172	61,802	53,542
	307,065	312,548	342,529	310,048	322,432

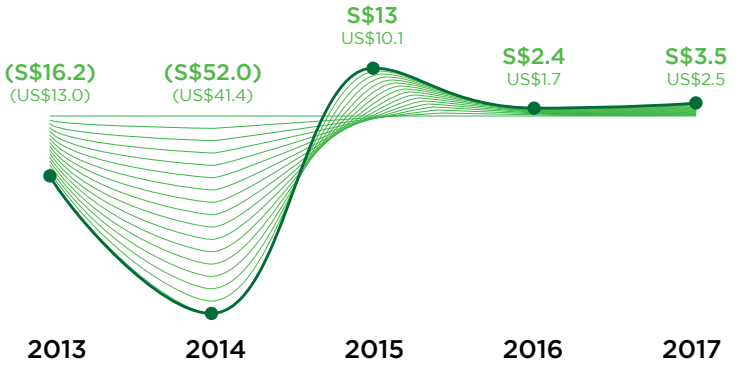
Revenue

Year ended 31 March (million)



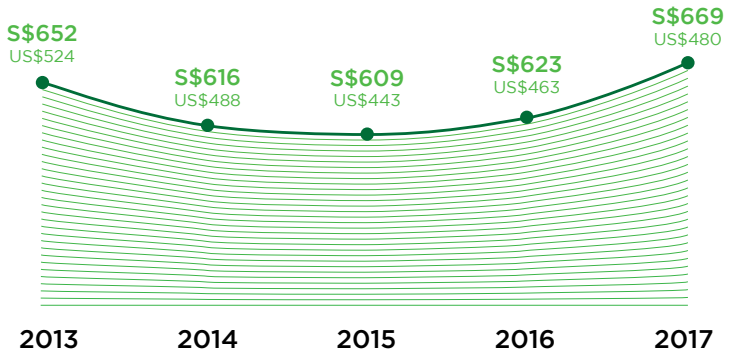
Profit (Loss) Attributable to Equity Holders of the Company

Year ended 31 March (million)



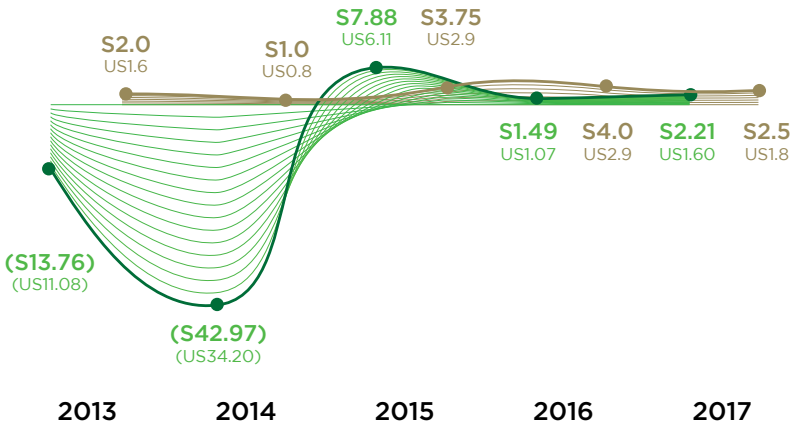
Total Assets

At 31 March (million)



Earnings (Loss) Per Share & Dividends Per Share

Year ended 31 March (cents)



Earnings (Loss) per share

Dividends per share

CHAIRMAN'S STATEMENT

Our program of consolidating smaller factories into bigger ones is on schedule and it is expected that cost competitiveness will improve after the consolidation. We will also continue to invest in building the GP brand and expanding our distribution network globally.



The financial year 2016-2017 remained a challenging year. Global demands for primary batteries and Nickel Metal Hydride rechargeable batteries were slow-growing. Significant unsold capacity within the industry drove keen competition on price. Business opportunities from other battery companies contributed to the sales growth. New production facilities in Malaysia and Vietnam are in place and are expected to start bringing in additional revenue to the Group.

The Group's financial position remains healthy with a low gearing ratio. The increase in total bank loans was mainly due to the financing of capital expenditure for the expansion of the facilities in Malaysia and a new plant in Vietnam.

Revenue for the year was S$760 million which was comparable to S$765 million for financial year 2015-2016. During the year, the Group's Taiwan plant ceased production which impacted the revenue. Gross profit margin dropped by 0.8% to 22.4% mainly due to loss of income of the aforesaid plant. Profit attributable to shareholders of the Company was S$3.5 million compared to S$2.4 million last year. Earnings per share were 2.21 Singapore cents compared to 1.49 Singapore cents last year.

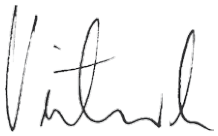
The Board of Directors recommended a final tax-exempt (one-tier) dividend of 1.5 Singapore cents per share. Together with the interim tax-exempt dividend paid, the total tax-exempt (one-tier) dividend per share for the year amounted to 2.5 Singapore cents.

Looking ahead, price competition will still be keen. The increase in commodity price will also have an impact on the Group's manufacturing costs. The Group will continue to invest in automation of production equipment to improve productivity, quality and efficiency in order to enhance competitiveness.

In addition, the Group will continue to focus on building the brand and growing our market share in key markets. We will continue to invest to increase our brand value and brand awareness globally. With the acceleration of e-commerce, we will focus on developing our e-commerce platform and increasing our presence in the digital community in order to gain distribution penetration for both online and offline channels.

The Group is aiming at consolidating the smaller factories in China and Taiwan with the larger ones to benefit from economies of scale. We will continue to streamline and rationalize the operations in mitigating the impact of increasing labor cost in China.

On behalf of the Board of Directors, I would like to express my heartfelt appreciation to all our shareholders, business partners and customers for their confidence and continued support. I would also like to thank our employees for their untiring effort in supporting the Group's initiatives during the past year.



Victor LO Chung Wing
Chairman and Chief Executive Officer

16 June 2017

THE FOUR PILLARS OF DEVELOPMENT



Clockenflap 2016 in Hong Kong



1 BUILDING BRANDS

We continue to reinforce our Battery Experts 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 safety, reliability, quality and superior customer service

3 BUILDING CHANNELS

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

4 BUILDING TEAMS

Our success is built on teamwork and we continue to encourage new competencies, new efficiencies and increasing digitization

BUSINESS REVIEW













The Group's revenue for the financial year ended 31 March 2017 was S$760 million which was comparable to S$765 million last year. Sales of primary batteries increased by 1.3% over last year while sales of rechargeable batteries decreased by 10.4%. The drop in the revenue of rechargeable batteries was mainly due to the discontinuation of a contract with a major customer of the Group's Taiwan plant, which has ceased production.

Sales in the Americas and Asia decreased by 24.3% and 2.4% respectively while sales in Europe increased by 32.2% over last year. The decrease in sales in the Americas and increase in sales in Europe were largely due to the relocation of the procurement office of a major customer from the US to Europe.

Profit before income tax for the year was S$29.2 million as compared to S$28.6 million last year. Gross profit margin was 22.4% as compared to 23.2% last year, mainly due to loss of income of the Taiwan plant.

Distribution expenses were S$66.9 million as compared to S$61.6 million last year, mainly due to (a) an increase in advertising and promotion expenses of S$2.0 million; and (b) an increase in freight cost and customs duty of S$1.1 million as a result of the change in incoterms of shipment to a major customer. Administrative expenses were S$88.9 million which was comparable to the S$88.4 million last year.

Finance costs for the year were S$6.8 million which was comparable to the S$6.9 million last year.

Net other operating income was S$14.6 million as compared to S$3.0 million last year, mainly due to (a) a higher gain of S$10.6 million from disposal of property, plant and equipment was recorded this year as compared to S$4.0 million last year; (b) a higher net foreign exchange gain of S$7.4 million was recorded this year as compared to S$3.5 million last year; (c) a payment of US$1.45 million made in the third quarter this year pursuant to a customer's quality dispute on Lithium rechargeable batteries which were returned in 2014 and 2015; and (d) lower impairment losses of goodwill and property, plant and equipment this year although there were closure costs incurred for the Shanghai and Taiwan factories.

Share of profits of associates was S$6.8 million as compared to S$4.9 million last year, mainly due to the improved performance of AZ Limited, the Group's 40%-owned associate in Russia; and T.G. Battery Co. (Hong Kong) Limited, the Group's 50%-owned joint venture for manufacturing cylindrical Carbon Zinc batteries.

REVIEW BY PRODUCTS







Primary Batteries

Sales of primary batteries increased by 1.3% over last year. Batteries sales including Alkaline, Carbon Zinc and primary Lithium batteries reported growth. Primary button batteries business was undergoing a period of restructuring. The Group has consolidated the primary button batteries production in Shanghai to the bigger plant in Ningbo to improve cost competitiveness.

New production facilities in Malaysia and Vietnam are coming on stream and are expected to start bringing in additional revenue to the Group.

Rechargeable Batteries

Sales of rechargeable batteries decreased by 10.4% over last year. The drop in revenue was mainly due to the expiry of a contract with a major customer of the Group's Taiwan plant, which has ceased production.

The rechargeable Lithium battery business, while representing a small portion of the Group's business currently, will require some time to develop new applications and new key customers to replace the contract lost by the Taiwan plant.

Sales of Nickel Metal Hydride rechargeable batteries were flat during the year. Consumer awareness on environmental issues and battery safety was gradually increasing. The Group will promote the Nickel Metal Hydride rechargeable batteries as an environmentally friendly and a cost-saving alternative for primary batteries.

Sales of portable PowerBank products increased during the year. However, rapid price erosion of this market segment remains a challenge.



REVIEW BY MARKET SEGMENTS



Consumer Market

Although price competition was keen in consumer market segment, the increasing dependence on mobile applications and the growing use of the Internet of Things and rechargeable wearable devices generated demands for mobile power. Since some consumers' buying behavior was shifting from offline to online channels, the Group has been developing the e-commerce channels to reach out to more consumers.

According to the Nielsen's MarketTrack Report, GP Alkaline as well as rechargeable batteries were ranked No. 1 in volume sales in Hong Kong for thirteen consecutive years (2004-2016).

Industrial Market

Sales in the industrial market segment declined during the year, mainly due to the loss of business from the Taiwan plant. Continuous efforts in driving segment strategies started to pay off and offset the decline in some market segments like cordless phone. More resources were allocated to penetrate the high growth application segments.


GP ReCyko+
Reduce Waste
Save Money
GP ReCyko+ 2100

CORPORATE SOCIAL RESPONSIBILITIES





Sustainability, Health and Safety

The Group continued to invest resources in promoting and protecting environment, health and safety. During the year, the Group received a number of awards in recognition of its environmental protection efforts.

The Group received the "Hong Kong–Guangdong Cleaner Production Partner (Manufacturing)" and "Hong Kong–Guangdong Cleaner Production Partner (Supply Chain)" awards jointly presented by the Economic and Information Commission of Guangdong Province, China and the Environment Bureau of the Hong Kong Special Administrative Region.

Corporate Citizenship

The Group has organized and participated in various social caring events such as blood drive, charity fundraising, and cleaning campaign in coastal areas.

Two factories were awarded the “Shenzhen Corporate Social Responsibility Rating Certificate” from the Shenzhen Corporate Social Responsibility Promotion Association in recognition of their fulfillment of social responsibility in the development and production of batteries.

As a socially responsible organization, the Group sustained the standard of ISO26000 and has received the CSR Advocate Mark from Hong Kong Quality Assurance Agency (HKQAA) for four consecutive years as recognition for its strong commitment in practising good corporate citizenship.



BOARD OF DIRECTORS

Executive Directors

Victor LO Chung Wing

Aged 67, appointed as Chairman and Chief Executive Officer and a member of the Nominating Committee since April 2014. He is also the chairman and chief executive of Gold Peak Industries (Holdings) Limited and chairman and chief executive officer of GP Industries Limited.

Mr Lo is a member of the board of directors of Hong Kong Design Centre. He is a non-official member of the Economic Development Commission and the convenor of its Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries. He is also a member of the board of the West Kowloon Cultural District Authority in Hong Kong, and chairman of M Plus Museum Limited. He is a director of PMQ Management Company Limited, a non-profit-making organization for the promotion of creative industries in Hong Kong. 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 the Institute of Design of Illinois Institute of Technology, US with a Bachelor of Science degree in Product Design. He also holds an Honorary Doctorate in Design from The Hong Kong Polytechnic University.

Richard KU Yuk Hing

Aged 69, appointed as Vice Chairman since 1993. He is also a board member of Gold Peak Industries (Holdings) Limited and chairman of GPI International Limited. Mr Ku has over 35 years' experience in international marketing in the battery industry. He graduated from the Sophia University, Japan with a Bachelor of Science degree in Economics.

Henry LEUNG Kwong Hang

Aged 65, appointed as an Executive Director since 2008. He is the Executive Vice President and Chief Risk Officer of the Company.

Mr Leung has more than 35 years' global business experience in the US, Singapore and Hong Kong, and has held senior positions in a number of multinational electronic corporations. He is a member of the Research Grants Council of Hong Kong and is also a member of the board of directors of Nano and Advanced Materials Institute Limited. Mr Leung graduated from the University of Essex, UK with a Bachelor's degree in Telecommunication Engineering. He is a Chartered Engineer and a member of The Institution of Engineering and Technology, UK as well as a fellow member of The Hong Kong Institution of Engineers.

LEUNG Pak Chuen

Aged 67, appointed as an Executive Director since 2014. He is also the deputy chief executive of Gold Peak Industries (Holdings) Limited and the executive vice chairman of GP Industries Limited.

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

HUI Wing Sun

Aged 71, appointed as an Executive Director since 1991. He is a member of The Hong Kong Institution of Engineers. Mr Hui holds a Higher Diploma in Mechanical Engineering from The Hong Kong Polytechnic University (formerly The Hong Kong Polytechnic) and a Master of Science degree in Applied Mechanics from the Institute of Science and Technology, University of Manchester, UK.



Brian WONG Tze Hang

Aged 54, appointed as an Executive Director since 2009. He is the Chief Financial Officer of the Company. Mr Wong has over 30 years' experience in the accounting field and is a fellow member 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.

Independent Non-Executive Directors

LIM Jiew Keng

Aged 77, appointed as a Non-Executive and Independent Director since 2009 and Lead Independent Director since 2014. He has been the Chairman of the Audit and Risk Committee and a member of both the Nominating Committee and Remuneration Committee since 2011.

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

Allan CHOY Kam Wing

Aged 73, appointed as a Non-Executive and Independent Director since 2011. He was appointed Chairman of the Nominating Committee and a member of both the Audit and Risk Committee and Remuneration Committee in the same year. He is currently an independent director of GP Industries Limited.

Mr Choy has more than 45 years' experience in the electronics and battery industries and had held senior management positions in multinational corporations including the Varta Group and BCcomponents. He was an executive director of GP Industries Limited from 1997 to 1998, and Chief Operating Officer of the Company from 2005 to 2007.

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

GOH Boon Seong

Aged 63, appointed as a Non-Executive and Independent Director since 2012. He was appointed Chairman of the Remuneration Committee and a member of both the Audit and Risk Committee and Nominating Committee in the same year.

Mr Goh has over 35 years of management experience in the private sector and is currently the president and chief executive officer of WhiteRock Medical Company Pte Ltd, a medical device group that provides products and services to institutions and homecare providers engaged in rehabilitation and chronic care. He is currently an independent director of Boustead Singapore Limited. 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.

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



From left to right
Back
Brian WONG Tze Hang
Henry LEUNG Kwong Hang
HUI Wing Sun
GOH Boon Seong
Allan CHOY Kam Wing
LEUNG Pak Chuen

Front
LIM Jiew Keng
Victor LO Chung Wing
Richard KU Yuk Hing

SENIOR MANAGEMENT

Victor CHONG Toong Ying

Joined the Company in September 2016 and is currently Senior Vice President, Rechargeable Products. 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.

Parklin HO Pak Nin

Joined the Group in 1979 and is currently Vice President, Consumer Sales. He has over 30 years' experience in the electrical and battery industries. He holds a Bachelor's degree in Social Sciences from The University of Hong Kong.

Edward LAM Wai Man

Joined the Group in 2009 and is currently Vice President, Industrial Sales and Logistics. He has held more than 20 years of senior executive positions in various corporations with experience in engineering, sales and marketing, business management and strategic investment. He holds a Bachelor's degree in Electronic and Structural Materials Engineering from University of Oxford, UK.

William WANG Jian Hao

He is currently General Manager of Zhongyin (Ningbo) Battery Co., Ltd. which he joined in 1983. 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.

Richard YEW Cheng Teik

Joined the Group in 2014 and is currently Senior Vice President, Primary Products and Assistant to Chairman of the Company. 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 AWARDS

Events

Feb 2017	The plant in Tampoi, Malaysia expanded operation and set up a new plant in Senai.
Mar	The new plant of GP Batteries (Vietnam) LLC, a joint venture with Hanoi Battery Joint Stock Company, opened and started operations in Vietnam. To follow the strategy of streamlining operation, manufacturing facilities in Shanghai, China were moved to Ningbo and a new wholly-owned subsidiary, Ningbo Bi Ba Energy Ltd, was incorporated to continue the operation.

Awards

Dec 2016	Three factories in China were awarded "Hong Kong-Guangdong Cleaner Production Partner (Manufacturing)" while the Company was awarded "Hong Kong-Guangdong Cleaner Production Partner (Supply Chain)" by the Environment Bureau of Hong Kong and the Economic and Information Commission of Guangdong Province, China.
Jan 2017	The Company was presented the "Hong Kong Most Admired Knowledge Enterprise (MAKE) Award 2016" by The Hong Kong Polytechnic University and Knowledge Management and Innovation Research Centre to recognize its achievement in knowledge management in operations.
Feb	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 thirteenth consecutive year.
Apr	The collection of flashlights 'Beam' won the Red Dot Award: Product Design 2017 from Red Dot Design Museum, Germany.
May	The Company received the "CSR Advocate Mark" from the Hong Kong Quality Assurance Agency for the fourth year to recognise its commitment in practising good social responsibilities.

DIRECTORS' STATEMENT

The directors of GP Batteries International Limited (the "Company" and together with its subsidiaries, the "Group") present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2017.

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 31 to 88 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 2017, 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 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)
Richard Ku Yuk Hing	(Vice Chairman)
Henry Leung Kwong Hang	(Executive Vice President and Chief Risk Officer)
Leung Pak Chuen	
Hui Wing Sun	
Brian Wong Tze Hang	(Chief Financial Officer)

Independent Non-Executive:

Lim Jiew Keng	(Lead Independent Director)
Allan Choy Kam Wing	
Goh Boon Seong	

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, except as follows:

	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have an interest		
	At 1 April 2016	**At 31 March 2017**	**At 21 April 2017**	At 1 April 2016	**At 31 March 2017**	**At 21 April 2017**
Interest in the Company's ordinary shares						
Victor Lo Chung Wing	300,000	**300,000**	**300,000**	102,274,444	**102,580,044**	**102,580,044**
Richard Ku Yuk Hing	151,500	**151,500**	**151,500**	–	**–**	**–**
Hui Wing Sun	695,028	**695,028**	**695,028**	–	**–**	**–**

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have an interest		
	At 1 April 2016	**At 31 March 2017**	**At 21 April 2017**	At 1 April 2016	**At 31 March 2017**	**At 21 April 2017**
Ordinary shares of NT$10 each of Gold Peak Industries (Taiwan) Limited, a subsidiary of the Company						
Richard Ku Yuk Hing	200,000	**200,000**	**200,000**	–	**–**	**–**
Hui Wing Sun	200,000	**200,000**	**200,000**	–	**–**	**–**
Interest in Gold Peak Industries (Holdings) Limited's ordinary shares, ultimate holding company						
Victor Lo Chung Wing	69,045,825	**69,045,825**	**69,045,825**	100,940,063	**100,940,063**	**100,940,063**
Richard Ku Yuk Hing	2,629,684	**2,629,684**	**2,629,684**	–	**–**	**–**
Henry Leung Kwong Hang	500,000	**500,000**	**500,000**	–	**–**	**–**
Leung Pak Chuen	4,575,114	**4,575,114**	**4,575,114**	–	**–**	**–**
Hui Wing Sun	1,047,956	**1,047,956**	**1,047,956**	–	**–**	**–**
Interest in GP Industries Limited's ordinary shares, immediate holding company						
Victor Lo Chung Wing	300,000	**300,000**	**300,000**	414,098,443	**414,098,443**	414,098,443
Richard Ku Yuk Hing	340,000	**340,000**	**340,000**	–	**–**	–
Leung Pak Chuen	1,608,000	**1,608,000**	**1,608,000**	–	**–**	–
Hui Wing Sun	77,430	**77,430**	**77,430**	–	**–**	–

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Victor Lo Chung Wing is deemed to have an interest in all the related corporations of the Company.

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

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.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

5 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the Company is chaired by Mr Lim Jiew Keng, the Lead Independent Director, and includes Mr Allan Choy Kam Wing and Mr Goh Boon Seong, who are all independent directors. The Audit and Risk Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) the quarterly, interim and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Group's external auditors; and

(f) the re-appointment of the external auditors of the Group.

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

The Audit and Risk Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Victor Lo Chung Wing
Chairman and Chief Executive Officer

Richard Ku Yuk Hing
Vice Chairman

Singapore
16 June 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GP BATTERIES INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of GP Batteries International 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 2017, and the consolidated statement of profit or loss, 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 31 to 88.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 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.

Key Audit Matters	Our audit performed and responses thereon
Impairment of property, plant and equipment *(Refer to notes 14 and 39(b) to the consolidated financial statements)* The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The determination of recoverable amount, based on value-in-use 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 variables such as sales growth, operating expenditure, approved capital expenditure and the most appropriate discount rate.	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. • We reviewed the impairment model used by management and challenged management on the suitability of the impairment model and reasonableness of the assumptions. • We involved our valuation specialists to review key assumptions used in the impairment assessment, in particular the discount rates. • We performed sensitivity analysis in regards to the discount rate and growth rate as these are the two significant key assumptions in the impairment model. Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

Key Audit Matters (cont'd)

Key Audit Matters	Our audit performed and responses thereon
Assessment of recoverability of trade debtors *(Refer to notes 20 and 39(d) to the consolidated financial statements)* The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The assessment of recoverable amounts requires management to make significant judgements regarding the identification of bad and doubtful receivables and expectations of future cash inflows from customers.	We have enquired with management on analyses and assessments made with respect to recovery of individual receivables. In addition, we performed the following: • We gained an understanding of the key controls and processes that management have in place to assess the expected recovery of trade receivables. • We evaluated the adequacy of the provision of the trade receivables and the appropriateness of the allowances recognised taking into account the market considerations in each geographical country. Based on our procedures, we noted that the trade receivables provisions to be within a reasonable range of our expectations. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements, regarding trade receivables and the related risks such as credit risk and the aging of trade receivables as disclosed in Note 3 (b) (iv).
Assessment of allowance for stocks *(Refer to notes 19 and 39(f) to the consolidated financial statements)* Given the nature of the business, we have identified allowance for stocks as a risk. The Group is required to assess at each reporting date whether there is any indication that the cost of stocks 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 make the sale. There is judgement involved in assessing the level of inventory provision required in respect of slow moving stocks that have not been adequately provided for.	We have enquired with management on analyses and assessments made with respect to slow moving and obsolete stock. In addition, we performed the following: • We evaluated the appropriateness of management's relevant controls over the estimation of net realisable value for its stocks. • We assessed the net realisable value of stocks and challenged the appropriateness of the level of stock provision required in respect of slow moving and obsolete stock, considering the expected demand and actual selling price. Based on our procedures, we noted that the stock provisions to be acceptable within our expectations. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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

16 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

	Note	The Group	
		2017	2016
		S$'000	S$'000
Revenue	4	**759,842**	765,254
Cost of sales		**(589,482)**	(587,601)
Gross profit		**170,360**	177,653
Other operating income	5	**22,708**	12,875
Distribution expenses		**(66,886)**	(61,603)
Administrative expenses		**(88,939)**	(88,443)
Other operating expenses	6	**(8,080)**	(9,837)
Finance costs	7	**(6,761)**	(6,884)
Profit before share of results of associates		**22,402**	23,761
Share of results of associates		**6,813**	4,884
Profit before income tax	8	**29,215**	28,645
Income tax	10	**(14,370)**	(12,956)
Profit for the year		**14,845**	15,689
Profit attributable to:			
Equity holders of the Company		**3,488**	2,397
Non-controlling interests	31	**11,357**	13,292
		14,845	15,689
Earnings per share (cents):			
- Basic	12	**2.21**	1.49
- Diluted	12	**2.21**	1.49

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017

	The Group	
	2017	2016
	S$'000	S$'000
Profit for the year	**14,845**	15,689
Other comprehensive income:		
Items that may be subsequently reclassified to Profit or Loss:		
Translation differences arising from consolidation of foreign operations	**(8,994)**	(25,351)
Available-for-sale financial assets		
- Fair value gain (loss) arising during the year	**298**	(485)
Other comprehensive loss for the year, net of tax	**(8,696)**	(25,836)
Total comprehensive income (loss) for the year	**6,149**	(10,147)
Total comprehensive income (loss) attributable to:		
Equity holders of the Company	**(3,694)**	(18,519)
Non-controlling interests	**9,843**	8,372
	6,149	(10,147)

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

31 March 2017

	Note	The Group		The Company	
		2017	2016	**2017**	2016
		S$'000	S$'000	**S$'000**	S$'000
Non-current assets					
Investment property	13	**1,791**	1,672	**–**	–
Property, plant and equipment	14	**201,850**	194,039	**4,566**	1,142
Interest in subsidiaries	15	**–**	–	**341,445**	336,614
Interest in associates	16	**52,722**	46,329	**16,382**	16,382
Available-for-sale investments	17	**6,291**	5,777	**–**	–
Deferred tax assets	26	**3,549**	3,729	**–**	–
Goodwill on consolidation	18	**11,970**	11,548	**–**	–
Deposits and prepayments	21	**6,052**	3,095	**952**	3,046
Total non-current assets		**284,225**	266,189	**363,345**	357,184
Current assets					
Stocks	19	**107,210**	110,353	**–**	–
Debtors	20	**143,299**	123,485	**95,248**	100,048
Tax recoverable		**2,356**	754	**–**	–
Deposits and prepayments	21	**15,674**	10,904	**1,798**	1,985
Bank balances and cash		**115,167**	110,978	**6,985**	6,797
		383,706	356,474	**104,031**	108,830
Assets held for sale	36	**1,057**	–	**–**	–
Total current assets		**384,763**	356,474	**104,031**	108,830
Current liabilities					
Creditors and accrued charges	22	**180,551**	143,653	**97,177**	100,410
Derivative financial instruments	23	**–**	497	**–**	–
Obligations under finance leases	24	**87**	113	**–**	–
Income tax payable		**2,628**	2,108	**149**	147
Bank loans and overdrafts	25	**152,276**	118,142	**97,509**	69,336
Total current liabilities		**335,542**	264,513	**194,835**	169,893
Net current assets (liabilities)		**49,221**	91,961	**(90,804)**	(61,063)
Non-current liabilities					
Bank loans	25	**23,368**	43,315	**21,901**	43,315
Obligations under finance leases	24	**94**	79	**–**	–
Deferred tax liabilities	26	**2,919**	2,208	**–**	–
Total non-current liabilities		**26,381**	45,602	**21,901**	43,315
Net assets		**307,065**	312,548	**250,640**	252,806
Represented by					
Share capital	27	**257,400**	257,400	**257,400**	257,400
Treasury shares	28	**(6,088)**	(6,084)	**(6,088)**	(6,084)
Reserves		**(25,116)**	(19,428)	**(672)**	1,490
Attributable to equity holders of the Company		**226,196**	231,888	**250,640**	252,806
Non-controlling interests	31	**80,869**	80,660	**–**	–
		307,065	312,548	**250,640**	252,806

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2017

	Note	Share capital	Treasury shares	Capital reserve[#]	Legal reserve	Translation reserve	Property/ asset revaluation reserve	Retained profits	Fair value reserve	Attributable to equity holders of the Company	Non-controlling interests	Total
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
The Group												
Balance at 1 April 2015		257,400	–	(32,963)	22,001	(123,147)	3,358	137,502	1,206	265,357	77,172	342,529
Total comprehensive income (loss) for the year:												
Profit for the year		–	–	–	–	–	–	2,397	–	2,397	13,292	15,689
Other comprehensive loss for the year		–	–	–	–	(20,431)	–	–	(485)	(20,916)	(4,920)	(25,836)
Total		–	–	–	–	(20,431)	–	2,397	(485)	(18,519)	8,372	(10,147)
Transactions with owners, recognised directly in equity:												
Capital contributions by non-controlling interests		–	–	–	–	–	–	–	–	–	1,640	1,640
Dividends paid	11(a)	–	–	–	–	–	–	(8,866)	–	(8,866)	–	(8,866)
Dividends paid to non-controlling interests in subsidiaries		–	–	–	–	–	–	–	–	–	(6,524)	(6,524)
Purchase of treasury shares	28	–	(6,084)	–	–	–	–	–	–	(6,084)	–	(6,084)
Total		–	(6,084)	–	–	–	–	(8,866)	–	(14,950)	(4,884)	(19,834)
Transfer to (from) reserves		–	–	–	173	–	–	(173)	–	–	–	–
Balance at 31 March 2016		257,400	(6,084)	(32,963)	22,174	(143,578)	3,358	130,860	721	231,888	80,660	312,548
Balance at 1 April 2016		257,400	(6,084)	(32,963)	22,174	(143,578)	3,358	130,860	721	231,888	80,660	312,548
Total comprehensive income (loss) for the year:												
Profit for the year		–	–	–	–	–	–	3,488	–	3,488	11,357	14,845
Other comprehensive income (loss) for the year		–	–	–	–	(7,445)	–	(35)	298	(7,182)	(1,514)	(8,696)
Total		–	–	–	–	(7,445)	–	3,453	298	(3,694)	9,843	6,149
Transactions with owners, recognised directly in equity:												
Capital reductions to non-controlling interests		–	–	–	–	–	–	–	–	–	(885)	(885)
Liquidation of a subsidiary		–	–	–	–	–	–	1,168	–	1,168	(1,168)	–
Dividends paid	11(a)	–	–	–	–	–	–	(3,162)	–	(3,162)	–	(3,162)
Dividends paid to non-controlling interests in subsidiaries		–	–	–	–	–	–	–	–	–	(7,581)	(7,581)
Purchase of treasury shares	28	–	(4)	–	–	–	–	–	–	(4)	–	(4)
Total		–	(4)	–	–	–	–	(1,994)	–	(1,998)	(9,634)	(11,632)
Transfer to (from) reserves		–	–	–	330	–	–	(330)	–	–	–	–
Balance at 31 March 2017		**257,400**	**(6,088)**	**(32,963)**	**22,504**	**(151,023)**	**3,358**	**131,989**	**1,019**	**226,196**	**80,869**	**307,065**

[#] Comprises mainly goodwill arising from acquisition of subsidiaries and associates prior to 1 April 2001.

See accompanying notes to financial statements.

	Note	Share capital S$'000	Treasury shares S$'000	Retained profits S$'000	Translation reserve S$'000	Total S$'000
The Company						
Balance at 1 April 2015		257,400	–	9,372	(4,432)	262,340
Total comprehensive profit for the year:						
Profit for the year		–	–	3,456	–	3,456
Other comprehensive income for the year		–	–	–	1,960	1,960
Total		–	–	3,456	1,960	5,416
Transactions with owners, recognised directly in equity:						
Dividends paid	11(a)	–	–	(8,866)	–	(8,866)
Purchase of treasury shares	28	–	(6,084)	–	–	(6,084)
Total		–	(6,084)	(8,866)	–	(14,950)
Balance at 31 March 2016		257,400	(6,084)	3,962	(2,472)	252,806
Balance at 1 April 2016		257,400	(6,084)	3,962	(2,472)	252,806
Total comprehensive profit for the year:						
Profit for the year		–	–	4,028	–	4,028
Other comprehensive income for the year		–	–	–	(3,028)	(3,028)
Total		–	–	4,028	(3,028)	1,000
Transactions with owners, recognised directly in equity:						
Dividends paid	11(a)	–	–	(3,162)	–	(3,162)
Purchase of treasury shares	28	–	(4)	–	–	(4)
Total		–	(4)	(3,162)	–	(3,166)
Balance at 31 March 2017		**257,400**	**(6,088)**	**4,828**	**(5,500)**	**250,640**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	The Group	
	2017	2016
	S$'000	S$'000
Operating activities		
Profit before income tax	**29,215**	28,645
Adjustments for:		
Allowance for trade doubtful debts, net	**521**	(263)
Allowance for stock, net	**3,029**	2,806
Depreciation of property, plant and equipment	**18,486**	19,179
Dividend income from available-for-sale investments	**(5)**	–
Fair value gain on investment property	**(191)**	–
Finance costs	**6,761**	6,884
Gain on disposal of property, plant and equipment, net	**(10,634)**	(4,029)
Impairment loss on goodwill	**–**	2,935
Impairment loss on property, plant and equipment	**2,105**	4,479
Interest income	**(710)**	(1,494)
Property, plant and equipment written off	**1,063**	611
Realised (gain) loss on derivative financial instruments	**(207)**	387
Share of results of associates	**(6,813)**	(4,884)
Unrealised fair value loss on derivative financial instruments	**–**	302
Unrealised foreign exchange (gain) loss	**(3,049)**	2,387
Operating profit before working capital changes	**39,571**	57,945
Stocks	**4,341**	(14,638)
Debtors	**(17,041)**	1,559
Deposits and prepayments	**(4,390)**	(1,412)
Creditors and accrued charges	**22,108**	4,853
Cash generated from operations	**44,589**	48,307
Income tax paid	**(12,639)**	(9,672)
Net cash from operating activities	**31,950**	38,635
Investing activities		
Deposits received for disposal of property, plant and equipment	**9,359**	–
Deposits paid for purchase of property, plant and equipment	**(5,080)**	(3,051)
Dividends received from associates	**1,409**	1,193
Dividends received from available-for-sale investments	**5**	–
Interest received	**710**	1,494
Proceeds on disposal of property, plant and equipment	**12,187**	4,570
Purchase of available-for-sale investments	**–**	(712)
Purchase of property, plant and equipment (Note A)	**(34,762)**	(18,690)
Net cash used in investing activities	**(16,172)**	(15,196)

See accompanying notes to financial statements.

	The Group	
	2017	2016
	S$'000	S$'000
Financing activities		
Drawdown of term loans	**18,758**	89,710
Payment of front end fees	**–**	(2,125)
Repayment of term loans	**(30,008)**	(14,759)
Other short term bank loans obtained (paid)	**22,238**	(35,218)
Capital contributions from non-controlling shareholders	**–**	1,640
Capital reductions paid to non-controlling shareholders	**(885)**	–
Dividends paid	**(3,162)**	(8,866)
Dividends paid to non-controlling interests	**(7,581)**	(6,524)
Repayment of obligations under finance leases	**(120)**	(158)
Non trade balances due from associates	**231**	56
Non trade balances due to associates	**38**	293
Interest paid	**(6,327)**	(5,446)
Purchase of treasury shares	**(4)**	(6,084)
Net cash (used in) from financing activities	**(6,822)**	12,519
Net increase in cash and cash equivalents	**8,956**	35,958
Cash and cash equivalents at 1 April	**110,978**	81,042
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(4,767)**	(6,022)
Cash and cash equivalents at 31 March	**115,167**	110,978

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$37,933,000 (2016 : S$19,348,000) of which:

- S$111,000 (2016 : S$Nil) were acquired under finance leases;
- S$3,060,000 (2016: S$658,000) were transferred from deposits paid for property, plant and equipment; and
- S$34,762,000 (2016 : S$18,690,000) were acquired with cash.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 199002111N) is incorporated in the Republic of Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited with its registered office and principal place of business at 3 Fusionopolis Link, #06-10 Nexus @one-north, Singapore 138543. The financial statements are expressed in Singapore dollars ("S$").

The principal activities of the Company are those of investment holding and the carrying out of functions as the regional headquarters of the Group.

The principal activities of its key subsidiaries are as disclosed in Note 31 to the financial statements.

The financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 March 2017 were authorised for issue by the Board of Directors on 16 June 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

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 FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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.

ADOPTION OF NEW AND REVISED STANDARDS

The Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016. The adoption of these new/revised FRSs and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments* [1]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [1]
- FRS 116 *Leases* [2]
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]

[1] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

[2] Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

[3] Application has been deferred indefinitely, however early application is still permitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

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

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements for FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of the new FRS 109 may not result in any material changes to the accounting policies relating to financial instruments. Additional disclosures may be made with respect of trade and other receivables, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 may not result in material changes to the accounting policies relating to revenue recognition. Additional disclosures will be made with respect of revenue and deferred revenue, including information about contracts with customers, contract balances and performance obligation. Management has commenced an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. The management does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A lease asset will be recognised on statement of financial position, representing the Group's right to use the leased asset over the lease term and, recognising corresponding liability to make lease payments. Additional disclosures may be made with respect of the Group's exposure to asset risk and credit risk, where the Group is the lessor. Management has commenced an assessment of the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

IFRS convergence in 2018

Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new Singapore financial reporting framework that is identical to International Financial Reporting Standards ("IFRS") for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending March 31, 2019, with retrospective application to the comparative financial year ending March 31, 2018 and the opening statement of financial position as at April 1, 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, management does not expect material changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs, and the election of certain transition options available under IFRS 1.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. The preliminary assessment above may be subject to change arising from the detailed analysis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION

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'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 statement of profit or loss 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 even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest 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.

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. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any 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 FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests 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 either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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 in accordance with FRS 39 *Financial Instrument: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value 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.

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 above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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.

The results and assets and liabilities of associates are incorporated in these financial statements 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ASSOCIATES (cont'd)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent 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, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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 relevant 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.

GOODWILL

Goodwill arising from a business combination is recognised as an asset (except for those arising prior to adoption of FRS 103 *Business Combinations*, which were adjusted to equity) 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 its carrying amount, 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.

INVESTMENT PROPERTY

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.

PROPERTY, PLANT AND EQUIPMENT

Freehold land is carried at historical cost or at its revalued amount, being the fair value on the basis of its existing use at the date of revaluation. In accordance with FRS 16 *Property, plant and equipment*, where one-off revaluation had been performed between 1 January 1984 and 31 December 1996 (both dates inclusive), the Group need not revalue these properties with sufficient regularities.

Leasehold land and leasehold improvements are carried at historical 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. Buildings are carried at historical cost or at their revalued amounts, less accumulated depreciation and any accumulated impairment loss.

Machinery, moulds and equipment, furniture, fixtures and equipment and motor vehicles are carried at historical cost, less accumulated depreciation and any accumulated impairment loss.

Any revaluation surplus arising from the revaluation of freehold land and buildings is recognised in other comprehensive income and accumulated in property/asset revaluation reserve, except to the extent that it reverses a revaluation deficit for the same asset previously recognised as an expense, in which case the surplus is credited to profit or loss to the extent of the deficit previously charged. A decrease in carrying amount arising from the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property/asset revaluation reserve relating to a previous revaluation of that asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT (cont'd)

The gain or loss arising from the 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. Upon retirement or subsequent sale of a revalued asset, the attributable revaluation surplus included in property/asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the property/asset revaluation reserve to retained earnings except when an asset is derecognised.

Depreciation is charged so as to write off the cost/revalued amount of the properties over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	-	2% to 10% per annum
Leasehold improvements	-	3 to 10 years depending on lease terms
Leasehold land	-	over the respective lease periods

Freehold land is not depreciated.

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

Machinery, moulds and equipment	-	10% to 30% per annum
Furniture, fixtures and equipment	-	10% to 25% per annum
Motor vehicles	-	10% to 25% per annum

Assets under construction are carried at cost, less any recognised impairment loss and are not depreciated until they are ready for their intended use.

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 estimated 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.

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

IMPAIRMENT OF TANGIBLE ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS

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

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 (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame 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", "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 at fair value through profit or loss (FVTPL)

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
- it is 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.

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 fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Available-for-sale financial assets

Certain shares and debt securities held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 3. Gains and losses arising from changes in fair value are recognised directly in the other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income and accumulated in the fair value reserve is reclassified to profit or loss for the period. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

The investment in unquoted equity instruments whereby the fair value cannot be measured reliably is carried at cost less any accumulated impairment loss. Impairment loss is not reversed. Gain or loss on disposal is included in profit or loss.

Loans and receivables

Trade debtors and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term debtors when the effect of discounting is immaterial.

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.

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 assets, such as trade debtors, 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 assets 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 directly for all financial assets with the exception of debtors where the carrying amount is reduced through the use of an allowance account. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

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.

With the exception of available-for-sale equity instruments, 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 investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

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 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.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Trade and other creditors are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

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)

FINANCIAL INSTRUMENTS (cont'd)

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign exchange rates and raw material prices.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group does not designate any derivative for hedging purposes.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

STOCKS

Stocks consisting of raw materials, work in progress and finished goods are stated at the lower of cost (first-in, first-out method) and net realisable value. Cost of work in progress and finished goods include direct material costs, direct labour costs and overheads that have been incurred in bringing the work in progress and finished goods to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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 each 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.

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.

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. 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 under operating leases are recognised as an expense in the period 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (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 on a straight-line basis over the lease term.

LEGAL RESERVE

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

TREASURY SHARES

When the Company purchases its own issued ordinary shares without immediately cancelling them, these shares are held as treasury shares. The consideration paid, including any directly attributable incremental costs is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued. When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account. When treasury shares are subsequently reissued pursuant to the employee Performance Share Plan scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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.

Revenue from rendering of services is recognised when the services are completed.

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

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)

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 made 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 each reporting period.

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 statement of profit or loss and other comprehensive income 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) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of each reporting period.

Deferred tax is recognised on 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, and is accounted for using the balance sheet liability method. 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 each reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly 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.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

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 rates 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 on the end of each 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 directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of each reporting period. Income and expense items (including comparatives) 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 a separate component in equity.

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 translation reserve.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation (except for those arising prior to adoption of FRS 103 *Business Combinations*) are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and demand deposits and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale 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 asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. 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.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**262,062**	238,744	**102,870**	108,434
Available-for-sale financial assets	**6,291**	5,777	**–**	–

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

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Financial liabilities				
Derivative financial instruments	**–**	497	**–**	–
Payables at amortised cost	**356,376**	305,302	**216,587**	213,061

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives

The management monitors and manages the financial risks relating to the operations of the Group through analysing exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, interest rate risk and equity price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's major financial instruments include trade and other receivables, trade and other payables, bank balances and bank loans. Details of these financial instruments are disclosed in the respective notes. The Group enters into a variety of derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign exchange rates and raw material prices, including:

- non-deliverable commodity contracts of raw nickel to manage the risk arising from the fluctuations of nickel prices;
- forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods; and
- interest rate swaps to mitigate the risk of rising interest rates.

Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. In managing the Group's exposure to fluctuations in foreign exchange rate, and raw material prices, the Group will use forward contracts to hedge up to a maximum period of 12 months.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including the United States dollars, Hong Kong dollars, Chinese Renminbi, Japanese Yen and Euro and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	The Group				The Company			
	Liabilities		Assets		Liabilities		Assets	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
United States dollars	**193,555**	157,490	**127,254**	119,556	**60,722**	60,004	**32,383**	41,105
Chinese Renminbi	**76,790**	60,525	**68,667**	50,385	**876**	5	**8,534**	14,363
Hong Kong dollars	**83,981**	77,970	**62,506**	63,684	**27,956**	28,696	**47,276**	45,033
Japanese Yen	**1,738**	101	**–**	28	**–**	–	**–**	–
Euro	**3,778**	1,382	**520**	349	**35**	35	**–**	–

Certain companies in the Group use forward contracts to hedge their exposure to foreign currency risk in the local reporting currency.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Further details on the forward exchange derivative instruments are found in Note 23 to the financial statements.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the functional currency of each group entity against the relevant foreign currencies. 5% is the sensitivity rate used. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the functional currency of each group entity strengthens by 5% against the relevant foreign currency, impact on the profit before tax will be:

	The Group [(i)]		The Company [(ii)]	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Gain (Loss):				
United States dollars impact	**3,315**	1,897	**1,417**	945
Chinese Renminbi impact	**406**	507	**(383)**	(718)
Hong Kong dollars impact	**1,074**	714	**(966)**	(817)
Japanese Yen impact	**87**	4	**–**	–
Euro impact	**163**	52	**2**	2

A 5% weakening of the functional currency of each group entity would have the equal but opposite effect of the above amount on the basis that all other variables remain constant.

[(i)] This is mainly attributable to the exposure on outstanding receivables, payables, bank loans and inter-company receivables and payables at the year end in the Group.

[(ii)] This is mainly attributable to the exposure on outstanding inter-company receivables, payables and bank loans at the year end.

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (v) of this Note. The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings. The Group enters into interest rate swap to minimise its interest rate risk. The duration of such interest rate swaps does not exceed the tenure of the underlying debts. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management (cont'd)

Interest rate sensitivity (cont'd)

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

- the Group's profit for the year ended 31 March 2017 would decrease/increase by S$878,000 (2016 : S$807,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings; and

- the Company's S$597,000 (profit for the year ended 31 March 2017 would decrease/increase by S$563,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

(iii) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

Further details of these equity investments can be found in Note 17 to the financial statements.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

In respect of available-for-sale equity investments, if the equity price or valuation had been 5% higher/lower while all other variables were held constant, the Group's fair value reserves would increase/decrease by S$139,000 (2016 : increase/decrease by S$123,000).

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed regularly.

Trade debtors consist of a large number of customers spreading across diverse industries and geographical areas. Ongoing credit evaluation is performed and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are reputable financial institutions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and financial guarantee that the Group may be called upon, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other debtors are disclosed in Note 20 to the financial statements.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iv) Credit risk management (cont'd)

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

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Asia	**73,182**	70,139	**50,562**	51,004
North and South America	**24,233**	8,831	**–**	–
Europe and others	**26,612**	27,831	**–**	–
	124,027	106,801	**50,562**	51,004

(v) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, borrowings with different tenures and internally generated cash flows to finance their activities. The Group minimises liquidity risk by keeping committed credit lines available.

As at 31 March 2017, the Company's current liabilities exceeded its current assets by S$90,804,000 (2016 : S$61,063,000). The financial statements of the Company have been prepared on a going concern basis as the management is of the view that its major shareholder will continue to provide financial support to enable the Company to meet its financial obligations as and when they fall due. Its major shareholder has undertaken to provide the Company with sufficient liquidity to enable the Company to meet its funding needs.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	% p.a.	S$'000	S$'000	S$'000	S$'000
The Group					
2017					
Non-interest bearing	**–**	**180,551**	**–**	**–**	**180,551**
Finance lease liability (fixed rate)	**3.84**	**192**	**106**	**(117)**	**181**
Variable interest rate instruments	**3.30**	**148,474**	**32,929**	**(5,759)**	**175,644**
		329,217	**33,035**	**(5,876)**	**356,376**
2016					
Non-interest bearing	–	143,653	–	–	143,653
Finance lease liability (fixed rate)	5.28	211	81	(100)	192
Variable interest rate instruments	3.68	123,588	44,624	(6,755)	161,457
		267,452	44,705	(6,855)	305,302
The Company					
2017					
Non-interest bearing	**–**	**97,177**	**–**	**–**	**97,177**
Variable interest rate instruments	**3.32**	**96,372**	**26,683**	**(3,645)**	**119,410**
Financial guarantees	**–**	**274,922**	**–**	**(274,922)**	**–**
		468,471	**26,683**	**(278,567)**	**216,587**
2016					
Non-interest bearing	–	100,410	–	–	100,410
Variable interest rate instruments	3.76	73,045	44,624	(5,018)	112,651
Financial guarantees	–	235,258	–	(235,258)	–
		408,713	44,624	(240,276)	213,061

Derivative financial instruments

The liquidity analysis for derivative financial instruments is disclosed in Note 23 to the financial statements.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current debtors and creditors approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

Financial instruments measured at fair value

	Total	Level 1	Level 2	Level 3
	S$'000	S$'000	S$'000	S$'000
The Group				
2017				
Financial assets				
Available-for-sale investments	**2,770**	**2,770**	**–**	**–**

There were no transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

2016

Financial assets				
Available-for-sale investments	2,381	2,381	–	–
Financial liabilities				
Derivative financial instruments	497	–	497	–

The Company had no financial assets and liabilities carried at fair value.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Capital risk management policies and objectives

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 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 equity holders of the Company, comprising issued capital as disclosed in Note 27, reserves and retained profits.

The Group's overall strategy remains unchanged from 2016.

4 REVENUE

Revenue relates to sales of batteries.

5 OTHER OPERATING INCOME

	The Group	
	2017	2016
	S$'000	S$'000
Dividend income from available-for-sale investments	**5**	–
Fair value gain on investment property	**191**	–
Gain on disposal of property, plant and equipment, net	**10,634**	4,029
Gain on foreign exchange	**7,422**	3,464
Government grant	**1,340**	1,923
Interest income	**710**	1,494
Rental income	**823**	815
Others	**1,583**	1,150
	22,708	12,875

6 OTHER OPERATING EXPENSES

		The Group	
	Note	**2017**	2016
		S$'000	S$'000
Closure costs of Shanghai factory [(i)]		**2,468**	–
Impairment loss on goodwill	18	**–**	2,935
Impairment loss on property, plant and equipment	14	**2,105**	4,479
Property, plant and equipment written off		**1,063**	611
Others		**2,444**	1,812
		8,080	9,837

[(i)] Closure costs were incurred in closing the Group's factory in Shanghai when the production facilities for primary button batteries in Shanghai were relocated to Ningbo.

7 FINANCE COSTS

	The Group	
	2017	2016
	S$'000	S$'000
Interest expense on:		
Bank loans	**6,760**	6,867
Finance leases	**1**	17
	6,761	6,884

8 PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the consolidated statement of profit or loss, this item has been arrived at after charging (crediting):

		The Group	
	Note	**2017**	2016
		S$'000	S$'000
Allowance for trade doubtful debts charged (written back) [(a)]	20	**521**	(263)
Allowance for stock, net		**3,029**	2,806
Audit fees:			
Auditors of the Company		**394**	380
Other auditors		**580**	687
Non-audit fees:			
Auditors of the Company		**11**	24
Other auditors		**160**	227
Cost of inventories recognised as expense		**589,482**	587,601
Operating lease expense		**8,090**	8,954
Realised (gain) loss on derivative financial instruments [(b)]		**(207)**	387
Unrealised fair value loss on derivative financial instruments [(b)]		**–**	302

(a) Included in distribution expenses in the consolidated statement of profit or loss.
(b) Included in other operating expenses/other operating income in the consolidated statement of profit or loss.

9 STAFF COSTS

	The Group	
	2017	2016
	S$'000	S$'000
Directors' remuneration:		
Fees	**193**	193
Emoluments of the Company	**3,206**	2,964
Salaries and wages	**107,000**	114,578
Defined contribution plans	**4,795**	5,241
	115,194	122,976

10 INCOME TAX

	The Group	
	2017	2016
	S$'000	S$'000
Current income tax:		
Charge for current year	**11,718**	13,015
Overprovision in respect of prior years	**(904)**	(1,297)
Withholding tax on overseas income	**1,106**	1,027
	11,920	12,745
Deferred income tax:		
Charge (Write-back) for current year	**1,116**	(1,119)
Overprovision in respect of prior years	**(183)**	–
	933	(1,119)
Share of taxation of associates:		
Charge for current year	**1,517**	1,330
	14,370	12,956

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2016 : 17%) to profit before income tax as a result of the following differences:

	The Group	
	2017	2016
	S$'000	S$'000
Profit before income tax	**29,215**	28,645
Income tax expense at statutory rate	**4,967**	4,870
Add/(Less):		
Effect of different tax rates of overseas operations	**(548)**	(218)
Income not subject to tax	**(222)**	(296)
Utilisation of previously unrecognised deferred tax benefits	**(1,639)**	(1,479)
Overprovision in respect of prior years	**(1,087)**	(1,297)
Non-allowable items	**1,606**	3,313
Unrecognised deferred tax benefits	**10,187**	7,036
Withholding tax on overseas income	**1,106**	1,027
Income tax at effective tax rate	**14,370**	12,956

11 DIVIDENDS

a) Dividends paid during the financial year are as follows:

	The Group and the Company	
	2017	2016
	S$'000	S$'000
2015 final tax-exempt (1-tier) dividend of 2.5 Singapore cents ("S cents") per share	**–**	4,073
2016 interim tax-exempt (1-tier) dividend of 3.0 S cents per share	**–**	4,793
2016 final tax-exempt (1-tier) dividend of 1.0 S cents per share	**1,581**	–
2017 interim tax-exempt (1-tier) dividend of 1.0 S cents per share	**1,581**	–
	3,162	8,866

b) Proposed dividends at 31 March are as follows:

	The Group and the Company	
	2017	2016
	S$'000	S$'000
Final tax-exempt (1-tier) dividend of 1.5 S cents (2016 : 1.0 S cents) per share	**2,372**	1,581

The proposed dividends are subject to approval by the shareholders in the annual general meeting and hence not presented as liabilities as at year end.

12 EARNINGS PER SHARE

The following data are used in computing basic and fully diluted earnings per share disclosed in the consolidated statement of profit or loss.

a) Earnings

	The Group	
	2017	2016
	S$'000	S$'000
Profit attributable to equity holders of the Company	**3,488**	2,397

b) Number of shares

	The Group	
	2017	2016
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**158,116,620**	161,266,258

13 INVESTMENT PROPERTY

	The Group	
	2017	2016
	S$'000	S$'000
At 1 April	**1,672**	1,747
Fair value gain	**191**	–
Currency realignment	**(72)**	(75)
At 31 March	**1,791**	1,672

The carrying amount of investment property 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.

The property rental income earned by the Group from its investment property which is leased out under operating leases, amounted to S$146,800 (2016 : S$200,000). Direct operating expenses arising from the investment property in the year amounted to S$32,800 (2016 : S$34,800).

Particulars of the investment property are as follows:

Description	Tenure	Fair value S$'000	Valuation Technique	Unobservable inputs	Range of unobservable inputs
Pao Lou Keng, Gu Tang Au, Huizhou City, Guangdong, China					
A 10,200 square metre plot of land with a single-storey godown, a 3-storey composite building, a 2-storey workshop and several single-storey industrial buildings with gross floor area of 4,720 square metres	47 years from 2004	1,791	Depreciated replacement cost method	Building construction cost	RMB1,200 to RMB1,500/ square metre (2016 : RMB1,000 to RMB1,500/ square metre)

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

14 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land and buildings S$'000	Leasehold land, buildings and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Assets under construction S$'000	Furniture, fixtures, equipment and motor vehicles S$'000	Total S$'000
The Group							
Cost/Valuation:							
At 31 March 2015		24,183	142,305	402,707	11,207	44,809	625,211
Currency realignment		(1,414)	(7,605)	(18,516)	(663)	(1,657)	(29,855)
Transfer		–	808	6,376	(7,918)	734	–
Additions		–	1,724	5,124	9,834	2,666	19,348
Disposals and write-offs		(1,131)	(1,355)	(3,213)	(3)	(3,544)	(9,246)
At 31 March 2016		21,638	135,877	392,478	12,457	43,008	605,458
Currency realignment		(46)	(3,205)	4,048	(226)	665	1,236
Transfer		–	1,581	16,132	(18,813)	1,100	–
Additions		–	5,188	5,205	25,134	2,406	37,933
Disposals and write-offs		(676)	(3,937)	(59,811)	(14)	(3,891)	(68,329)
Assets reclassified as held for sale	36	–	(5,787)	–	–	–	(5,787)
At 31 March 2017		20,916	129,717	358,052	18,538	43,288	570,511
Represented by:							
At 31 March 2017							
Cost		15,458	129,717	358,052	18,538	43,288	565,053
Valuation		5,458	–	–	–	–	5,458
Total		20,916	129,717	358,052	18,538	43,288	570,511
At 31 March 2016							
Cost		15,678	135,877	392,478	12,457	43,008	599,498
Valuation		5,960	–	–	–	–	5,960
Total		21,638	135,877	392,478	12,457	43,008	605,458
Accumulated depreciation:							
At 31 March 2015		6,562	38,819	293,145	–	32,283	370,809
Currency realignment		(340)	(1,848)	(12,899)	–	(1,296)	(16,383)
Depreciation		274	3,530	12,839	–	2,536	19,179
Disposals and write-offs		(514)	(764)	(3,025)	–	(3,166)	(7,469)
At 31 March 2016		5,982	39,737	290,060	–	30,357	366,136
Currency realignment		173	(179)	3,435	–	126	3,555
Depreciation		199	4,317	11,702	–	2,268	18,486
Disposals and write-offs		(275)	(2,215)	(57,884)	–	(3,729)	(64,103)
Assets reclassified as held for sale	36	–	(4,730)	–	–	–	(4,730)
At 31 March 2017		6,079	36,930	247,313	–	29,022	319,344

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Note	Freehold land and buildings S$'000	Leasehold land, buildings and leasehold improvements S$'000	Machinery, moulds and equipment S$'000	Assets under construction S$'000	Furniture, fixtures, equipment and motor vehicles S$'000	Total S$'000
The Group							
Impairment loss:							
At 31 March 2015		–	5,039	37,048	–	762	42,849
Currency realignment		–	(358)	(1,678)	–	(9)	(2,045)
Charge for the year		–	–	4,479	–	–	4,479
At 31 March 2016		–	4,681	39,849	–	753	45,283
Currency realignment		–	(394)	2,436	–	(113)	1,929
Charge for the year		–	–	2,010	–	95	2,105
At 31 March 2017		–	4,287	44,295	–	735	49,317
Carrying amount:							
At 31 March 2017		14,837	88,500	66,444	18,538	13,531	201,850
At 31 March 2016		15,656	91,459	62,569	12,457	11,898	194,039

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold Improvement	Machinery, moulds and equipment	Furniture, fixtures, equipment and motor vehicle	Total
	S$'000	S$'000	S$'000	S$'000
The Company				
Cost:				
At 31 March 2015	540	110	4,914	5,564
Currency realignment	(9)	–	(100)	(109)
Additions	282	10	510	802
Disposals	(403)	–	(27)	(430)
At 31 March 2016	410	120	5,297	5,827
Currency realignment	11	–	90	101
Additions	3,236	454	406	4,096
At 31 March 2017	3,657	574	5,793	10,024
Accumulated depreciation:				
At 31 March 2015	433	60	4,284	4,777
Currency realignment	(9)	–	(100)	(109)
Depreciation	50	15	363	428
Disposals	(397)	–	(14)	(411)
At 31 March 2016	77	75	4,533	4,685
Currency realignment	4	–	85	89
Depreciation	347	48	289	684
At 31 March 2017	428	123	4,907	5,458
Carrying amount:				
At 31 March 2017	3,229	451	886	4,566
At 31 March 2016	333	45	764	1,142

The carrying amount of property, plant and equipment includes an amount of S$216,000 (2016 : S$234,000) for the Group in respect of certain equipment and motor vehicles held under finance leases (Note 24).

The freehold land and buildings of the Group amounting to S$5,458,000 (2016 : S$5,960,000) stated at valuation were revalued by an independent professional valuer in March 1994 based on the open market value on a willing buyer and willing seller basis for existing use. In accordance with FRS 16 *Property, plant and equipment*, where a one-off revaluation had been performed between 1 January 1984 and 31 December 1996 (both dates inclusive), the Group need not revalue these properties with sufficient regularities. The resulting revaluation surpluses have been credited to the property revaluation reserve and the balance as at year end amounted to S$892,000 (2016 : S$892,000) for the Group in respect of the above assets.

If the cost method had been used, the carrying amount of freehold land and building of the Group would have been S$14,213,000 (2016 : S$14,981,000).

During the financial year, the Group carried out a review of the recoverable amount on certain property, plant and equipment. Arising from the review, an impairment loss of S$2,105,000 (2016 : S$4,479,000) was recognised to align the carrying amount of the plant and equipment to their recoverable amount. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 12% (2016 : 10.4%).

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Particulars of major properties included in freehold land, leasehold land and buildings are as follows:

Location	Description	Tenure
China		
No. 128 Xinguang Road Ningbo Science and Technology Park Ningbo City, Zhejiang, China	A 147,282 square metre plot of land for factory and office building	50 years from 2005
365 Jingu Zhong Road (West) Yinzhou Investment and Business Centre Ningbo City, China	A 4-storey factory building with built-up area of 13,320 square metres	50 years from 2006
99 Dahetou Road Duantang, Ningbo, China	Four factory buildings and office building with built-up area of 33,266 square metres	50 years from 1998
Gu Tang Au Industrial Development District, Huizhou City, Guangdong, China	A 13,034 square metre plot of land with a factory building and staff quarters with total built-up area of 11,149 square metres	50 years from 1997
	A 2,461 square metre plot of land with a factory building with built-up area of 1,692 square metres	50 years from 2003
	A 13,590 square metre plot of land with factory building, warehouse and staff quarters with a total built-up area of 7,680 square metres	50 years from 1997
Malaysia		
No. 5, Jalan Tampoi Tujuh, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Johor, Malaysia	A 19,653 square metre plot of land with a factory building with built-up area of 6,450 square metres	Freehold
	A 18,110 square metre plot of land with a warehouse with built-up area of 2,106 square metres	Freehold
Lot 19737, Jalan Tampoi 7/4, Taman Mulia, 81200 Johor Bahru, Johor, Malaysia	A 7,589 square metre plot of land with an office building and factory building with total built-up area of 4,640 square metres	Freehold
Taiwan		
No. 211 Chung Cheng Road, Section 2 Hukow, Hsin-chu 30302, Taiwan	A factory building and warehouse with total built-up area of 6,823 square metres	Freehold
Vietnam		
Road N3, Area C, Hoamac Industrial Zone, Hoamac Town, Duy Tien District, Hanam Province, Vietnam	A factory and office building with total built-up area of 14,011 square metres	43 years from 2015

15 INTEREST IN SUBSIDIARIES

	The Company	
	2017	2016
	S$'000	S$'000
Unquoted equity shares, at cost	**222,972**	216,640
Less: Impairment loss	**(115,676)**	(115,356)
	107,296	101,284
Amounts due from subsidiaries (non-trade)	**231,400**	233,010
Financial guarantee contracts to subsidiaries	**2,749**	2,320
Total interest in subsidiaries	**341,445**	336,614

The amounts due from subsidiaries are interest free and form part of the Company's net investment in the subsidiaries. An amount of S$1,949,000 (2016 : S$3,760,000), included in the amounts due from subsidiaries, is interest bearing at interest rate of 5% per annum. These amounts are unsecured and there are no contractual obligations to repay the Company given that the eventual return of the capital contribution is at the discretion and ability of the subsidiaries.

Details of the subsidiaries are set out in Note 31 to the financial statements.

16 INTEREST IN ASSOCIATES

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Cost of investment	**47,080**	62,665	**16,382**	16,382
Loan to associate	**1,778**	13,884	**–**	7,349
Share of post-acquisition reserves, net of dividends received	**12,646**	(10,206)	**–**	–
	61,504	66,343	**16,382**	23,731
Accumulated impairment loss	**(8,782)**	(20,014)	**–**	(7,349)
Total	**52,722**	46,329	**16,382**	16,382

Details of the associates are set out in Note 32 to the financial statements.

17 AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2017	2016
	S$'000	S$'000
Equity shares:		
Quoted, at fair value	**2,770**	2,381
Unquoted, at cost	**3,521**	3,396
Total available-for-sale investments	**6,291**	5,777

The investments above include investments in equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair value of quoted securities 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. Certain investments in unquoted shares are carried at cost as the management is of the opinion that their fair values cannot be measured reliably.

18 GOODWILL ON CONSOLIDATION

	The Group	
	2017	2016
	S$'000	S$'000
Cost:		
At 1 April	**18,151**	18,552
Currency realignment	**664**	(401)
At 31 March	**18,815**	18,151
Impairment:		
At 1 April	**6,603**	3,843
Currency realignment	**242**	(175)
Charge for the year	**–**	2,935
At 31 March	**6,845**	6,603
Carrying amount:		
At 31 March	**11,970**	11,548

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Goodwill acquired in a business combination allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination are as follows:

	The Group	
	Carrying amount	
	2017	2016
	S$'000	S$'000
Zhongyin (Ningbo) Battery Co. Ltd	**6,549**	6,318
Eastern Europe marketing and distribution network	**4,138**	3,992
GP Batteries (China) Limited	**1,275**	1,230
Others	**8**	8
	11,970	11,548

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the 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 the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for the following four years based on average growth rates of approximately -3.3% to 13.1% (2016 : Nil% to 17.6%). The rates used to discount the cash flow forecasts ranges from approximately 11.0% to 14.8% (2016 : 12.2% to 16.2%).

18 GOODWILL ON CONSOLIDATION (cont'd)

Sensitivity analysis

If management's estimate of discount rate increases or decreases by 1%, the impact on the value in use will be as follows:

	2017		2016	
	Increase by 1% S$'000	**Decrease by 1% S$'000**	Increase by 1% S$'000	Decrease by 1% S$'000
Zhongyin (Ningbo) Battery Co. Ltd	**(14,040)**	**16,809**	(12,052)	14,186
Eastern Europe marketing and distribution network	**(1,824)**	**2,128**	(1,331)	1,517
GP Batteries (China) Limited	**(1,115)**	**1,335**	(926)	1,088

As at March 31, 2017, 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.

During the year, the Group carried out a review of the recoverable amount of the CGUs. The review led to the recognition of an impairment loss on goodwill of S$Nil (2016 : S$2,935,000). Based on the key assumptions and taking into account the sensitivity analysis above, management has determined that the recoverable amounts of the CGUs are appropriate. Accordingly, no allowance or further allowance impairment loss is required.

19 STOCKS

	The Group	
	2017 S$'000	2016 S$'000
Raw materials		
At cost	**21,866**	19,949
At net realisable value	**127**	99
Work in progress		
At cost	**37,544**	45,892
At net realisable value	**319**	–
Finished goods		
At cost	**46,241**	43,870
At net realisable value	**1,113**	543
	107,210	110,353

The cost of inventories recognised as an expense includes S$3,029,000 (2016 : S$2,922,000) in respect of write-downs of inventory to net realisable value, and has been reduced by S$Nil (2016 : S$116,000) 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.

20 DEBTORS

	Note	The Group		The Company	
		2017	2016	**2017**	2016
		S$'000	S$'000	**S$'000**	S$'000
Trade					
Outside parties		**123,386**	107,648	**–**	–
Amounts due from:					
Associates	32	**8,342**	6,671	**18**	17
Subsidiaries	31	**–**	–	**50,544**	50,987
Related parties	33	**13**	96	**–**	–
		131,741	114,415	**50,562**	51,004
Less:					
Allowance for doubtful debts					
Outside parties		**(7,714)**	(7,278)	**–**	–
Associates		**–**	(336)	**–**	–
		124,027	106,801	**50,562**	51,004
Non-trade					
Outside parties		**18,167**	12,504	**619**	304
Amounts due from:					
Associates	32	**659**	26,659	**306**	4,641
Subsidiaries	31	**–**	–	**82,918**	86,463
Related parties	33	**698**	42	**22**	2
		19,524	39,205	**83,865**	91,410
Less:					
Allowance for doubtful debts					
Associates		**(252)**	(22,521)	**(252)**	(4,558)
Subsidiaries		**–**	–	**(38,927)**	(37,808)
		19,272	16,684	**44,686**	49,044
Total		**143,299**	123,485	**95,248**	100,048

The amounts due from subsidiaries, associates and related parties are unsecured and repayable on demand. The average credit period on sale of goods ranges from 60 to 90 days (2016 : 60 to 90 days). Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

The Group and the Company closely monitor the credit quality of its debtors (both trade and non-trade) and consider the debtors that are neither past due nor impaired to be of a good credit quality. Based on the payment pattern of the Group and the Company, debtors that are past due but not impaired are generally collectible. Included in the Group's trade debtors are debtors with a carrying amount of S$28,302,000 (2016 : S$29,762,000) which are past due at the reporting date for which the Group has not made any allowance given that there has not been a significant change in credit quality and the amounts are still considered recoverable. The average past due of these receivables are 2 months (2016 : 2 months).

Included in allowance for doubtful debts were (a) specific allowance against trade debtors of S$809,000 and S$Nil for the Group and Company respectively (2016 : S$573,000 and S$Nil respectively); and (b) specific allowance against non-trade debtors of S$252,000 and S$39,179,000 for the Group and Company respectively (2016 : S$22,521,000 and S$42,366,000 respectively). Such balances were individually assessed either because they were significantly past due and the debtor did not respond to repayment demands, or there were circumstances that indicate a debtor may not be able to honour its obligations when the debt is due. The remaining allowance for doubtful debts arose from collective assessment.

As at 31 March 2017, there was an amount due from the non-controlling interest amounting to S$22,981,000 (2016:S$26,060,000) and an allowance for doubtful debts of S$4,445,000 (2016:S$4,580,000).

20 DEBTORS (cont'd)

Movements in the allowance for doubtful debts (trade):

	The Group	
	2017	2016
	S$'000	S$'000
Balance at 1 April	**7,614**	10,150
Currency realignment	**119**	(257)
Allowance utilised	**(540)**	(2,016)
Allowance write back	**(307)**	(388)
Charge for the year	**828**	125
Balance at 31 March	**7,714**	7,614

Movements in the allowance for doubtful debts (non-trade):

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 April	**22,521**	25,832	**42,366**	44,757
Currency realignment	**–**	(636)	**618**	(454)
Allowance utilised	**(22,269)**	(2,675)	**(4,376)**	(1,997)
Allowance write back	**–**	–	**(54)**	–
Charge for the year	**–**	–	**625**	60
Balance at 31 March	**252**	22,521	**39,179**	42,366

21 DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Deposits	**9,648**	7,376	**1,589**	4,635
Prepayments	**12,078**	6,623	**1,161**	396
	21,726	13,999	**2,750**	5,031

Presented in the statements of financial position as:

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Non-current assets	**6,052**	3,095	**952**	3,046
Current assets	**15,674**	10,904	**1,798**	1,985
	21,726	13,999	**2,750**	5,031

The fair value of the Group's and Company's deposits approximates their carrying amount.

22 CREDITORS AND ACCRUED CHARGES

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**S$'000**	S$'000	**S$'000**	S$'000
Trade					
Outside parties		**108,894**	89,062	**–**	–
Amounts due to:					
Associates	32	**22,222**	20,590	**–**	–
Accrued charges		**25,454**	23,920	**2,367**	2,710
Other payables		**23,422**	6,398	**883**	739
Non-trade					
Amounts due to:					
Subsidiaries	31	**–**	–	**93,698**	96,864
Associates	32	**75**	3,274	**–**	–
Related parties	33	**484**	409	**229**	97
Total		**180,551**	143,653	**97,177**	100,410

The amounts due to subsidiaries, associates and related parties are unsecured, non-interest bearing and repayable on demand. The average credit period on purchases of goods ranges from 60 to 90 days (2016 : 60 to 90 days).

23 DERIVATIVE FINANCIAL INSTRUMENTS

	The Group	
	2017	2016
	S$'000	S$'000
Commodity forward contracts	**–**	497

The Group uses commodity forward contracts to manage the risk arising from price fluctuation of its raw material.

As at 31 March 2016, major terms of these contracts were as follows:

Currency	**Commodity**	**Quantity (in metric tonnes)**	**Maturity**	**Commodity forward price**
USD	Nickel	7	July 2016	USD14,335/metric tonne
USD	Nickel	7	August 2016	USD14,335/metric tonne
USD	Nickel	7	September 2016	USD14,335/metric tonne
USD	Nickel	7	October 2016	USD14,335/metric tonne
USD	Nickel	10	October 2016	USD12,800/metric tonne
USD	Nickel	7	November 2016	USD14,335/metric tonne
USD	Nickel	10	November 2016	USD12,800/metric tonne
USD	Nickel	7	December 2016	USD14,335/metric tonne
USD	Nickel	10	December 2016	USD12,800/metric tonne

The Group did not adopt hedge accounting in respect of these commodity contracts. As at 31 March 2016, the fair values of these commodity contracts were estimated at a loss of S$497,000. The fair values were determined by reference to the forward price of related metals quoted from London Metal Exchange as at 31 March 2016. There are no outstanding commodity contracts as at 31 March 2017.

24 OBLIGATIONS UNDER FINANCE LEASES

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Total minimum lease payments		Present value of payments	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
The Group				
Within 1 year	**192**	211	**87**	113
Within 2 to 5 years	**106**	81	**94**	79
	298	292	**181**	192
Less: Future finance charges	**(117)**	(100)		
Present value of lease obligations	**181**	192		
Less: Amounts due within 1 year	**(87)**	(113)		
Amounts due within 2 to 5 years	**94**	79		

It is the Group's and Company's policy to lease certain of its equipment and motor vehicles under finance leases. The average lease term is 5 years. The effective interest rates are set out in Note 3 to the financial statements. Interest rates are fixed at the contract date, and thus expose the Group and Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

25 BANK LOANS AND OVERDRAFTS

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Unsecured:				
Bank loans	**154,379**	136,575	**119,410**	112,651
Import and export loans	**21,265**	24,882	**–**	–
	175,644	161,457	**119,410**	112,651
Carrying amount:				
Repayable within 12 months and contain a repayment on demand clause	**143,325**	115,317	**93,047**	66,511
Not repayable within 12 months but contain a repayment on demand clause	**8,951**	2,825	**4,462**	2,825
Under current liabilities	**152,276**	118,142	**97,509**	69,336
Repayable after 12 months under non-current liabilities	**23,368**	43,315	**21,901**	43,315
	175,644	161,457	**119,410**	112,651

25 BANK LOANS AND OVERDRAFTS (cont'd)

Bank loans are arranged at floating rates (with effective interest rates set out in Note 3 to the financial statements) and their carrying amounts approximate their fair values. Bank loan of the Company amounting to S$77,856,000 (2016 : S$95,078,000) have obligations performance guaranteed by certain subsidiaries. As at 31 March 2017, the Group has the following principal term loans:

a) A syndicated term loan of S$44.2 million (2016: S$51 million) with six banks at interest rates between 2.83% to 3.27%. Repayment commenced in October 2015, and is repayable over 11 quarterly instalments of S$6,800,000 each with a final instalment of S$10,200,000.

b) A loan of US$2.5 million with interest rate of 3.96%. Repayment commenced in December 2016, and is repayable over 12 quarterly instalments of US$250,000 each.

c) A loan of US$2.5 million with interest rate of 2.92%. Repayment will commence in April 2018, and is repayable over 5 half yearly instalments of US$500,000 each.

d) A loan of US$2.1 million with interest rate of 2.92%. Repayment commenced in June 2016, and is repayable over 5 half yearly instalments of US$500,000 each.

e) A loan of HKD25 million with interest rate of 2.97%. Repayment commenced in December 2016, and is repayable over 36 monthly instalments of HKD826,672 each.

26 DEFERRED TAX

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

	Accelerated tax depreciation S$'000	Revaluation of investment property S$'000	Tax losses S$'000	Foreign undistributed reserves S$'000	Others S$'000	Total S$'000
Deferred tax liabilities						
At 31 March 2015	1,903	114	–	922	378	3,317
Currency realignment	(131)	(3)	–	(30)	(43)	(207)
(Credit) Charge to profit or loss	(880)	–	–	308	(330)	(902)
At 31 March 2016	892	111	–	1,200	5	2,208
Currency realignment	(78)	4	–	48	19	(7)
(Credit) Charge to profit or loss	462	48	–	303	(95)	718
At 31 March 2017	1,276	163	–	1,551	(71)	2,919
Deferred tax assets						
At 31 March 2015	(1,421)	–	(178)	–	(2,062)	(3,661)
Currency realignment	90	–	2	–	57	149
Credit to profit or loss	–	–	(14)	–	(203)	(217)
At 31 March 2016	(1,331)	–	(190)	–	(2,208)	(3,729)
Currency realignment	45	–	–	–	(80)	(35)
Charge (credit) to profit or loss	294	–	(183)	–	104	215
At 31 March 2017	(992)	–	(373)	–	(2,184)	(3,549)

26 DEFERRED TAX (cont'd)

No deferred tax assets have been recognised on the following temporary differences due to uncertainty of its recoverability:

	The Group	
	2017	2016
	S$'000	S$'000
Unutilised tax losses	**290,825**	258,593
Difference in accounting and tax depreciation	**(63)**	(77)
	290,762	258,516

The use and expiry of these temporary differences are subject to the agreement of the relevant tax authorities and compliance with certain provisions of the tax legislation. Included in unutilised tax losses are losses of S$24,408,000 (2016 : S$12,755,000) for subsidiaries in the PRC that will expire within five years under the current PRC tax legislation.

27 SHARE CAPITAL

	The Group and the Company			
	2017	2016	**2017**	2016
	Number of ordinary shares		**S$'000**	S$'000
Issued and paid-up:				
At 1 April and 31 March	**164,806,752**	164,806,752	**257,400**	257,400

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

28 TREASURY SHARES

	The Group and the Company			
	2017	2016	**2017**	2016
	Number of ordinary shares		**S$'000**	S$'000
At 1 April	**6,685,200**	–	**6,084**	–
On-market purchases	**5,000**	6,685,200	**4**	6,084
At 31 March	**6,690,200**	6,685,200	**6,088**	6,084

The Company acquired 5,000 (2016: 6,685,200) of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was S$4,000 (2016: S$6,084,000) and has been deducted from the shareholders' equity. The shares are held as "treasury shares".

29 COMMITMENTS

As at the end of each reporting period, commitments of the Group and Company which have not been provided for in the financial statements are as follows:

a) Operating lease arrangements

The Group as lessee:

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Within 1 year	**7,583**	7,749	**3,690**	4,028
After 1 year and within 5 years	**22,547**	23,622	**12,428**	14,248
After 5 years	**2,400**	4,301	**–**	1,907
	32,530	35,672	**16,118**	20,183

Operating lease commitments are mainly in respect of non-cancellable leases for the rental of factory spaces, office premises and office equipment. Leases are negotiated for an average term of 1 to 15 years.

29 COMMITMENTS (cont'd)

a) Operating lease arrangements (cont'd)

The Group as lessor:

The Group rents out its properties in the People's Republic of China, Hong Kong and Singapore under operating leases. All of the properties held have committed tenants as disclosed below:

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Within 1 year	**393**	950	**149**	1,446
After 1 year and within 5 years	**718**	1,894	**93**	4
After 5 years	**330**	661	**–**	–
	1,441	3,505	**242**	1,450

b) Capital expenditure commitments

	The Group	
	2017	2016
	S$'000	S$'000
Capital expenditure contracted but not provided for	**13,755**	3,318
Capital expenditure authorised but not contracted for	**1,168**	2,499
	14,923	5,817

c) Trust fund

In 2005, the Company established a "GP Batteries Industrial Safety Trust Fund" of HK$10 million to provide financial assistance and support to employees in Hong Kong and China who might have suffered from cadmium over-exposure or other occupational diseases related to battery production. This trust fund is monitored by an independent fund granting committee.

The aggregate amount of the trust fund is HK$10 million. The Group has contributed approximately HK$6 million up to 31 March 2006 and the balance of HK$4 million will be contributed in instalment when the net asset value of the trust fund falls below a certain level. As a result, this balance had not been provided for in the financial statements. Management is of the view that there is no likelihood that the balance needs to be provided for.

d) As at 31 March 2017 and 2016, the Company has undertaken to provide financial support to some of its subsidiaries.

30 CONTINGENT LIABILITIES - UNSECURED

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Guarantees given in respect of banking and other facilities granted to subsidiaries (Notes 15 and 31)	**–**	–	**274,922**	235,258
Others	**1,412**	26	**–**	–
	1,412	26	**274,922**	235,258

The maximum amount that the Company could be forced to settle under the financial guarantee contract if the full guaranteed amount is claimed by the counter-party to the guarantee is S$274,922,000 (2016 : S$235,258,000). The earliest period that the guarantee could be called is within one year (2016 : one year) from the end of the reporting period. The Company considers that it is more likely than not that no amount will be payable under the arrangement.

31 SUBSIDIARIES

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2017	2016
Investment holding	Hong Kong	**7**	7
Investment holding	Others	**2**	2
Manufacturing of batteries	Hong Kong	**2**	2
Manufacturing of batteries	Malaysia	**1**	1
Manufacturing of batteries	People's Republic of China	**7**	8
Marketing and trading in batteries	Hong Kong	**2**	2
Marketing and trading in batteries	Malaysia	**1**	1
Marketing and trading in batteries	People's Republic of China	**1**	1
Marketing and trading in batteries	Others	**5**	5
Others		**10**	12
		38	41

Principal activities	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		2017	2016
Manufacturing of batteries	People's Republic of China	**3**	3
Manufacturing of batteries	Taiwan	**1**	1
Manufacturing of batteries	Vietnam	**1**	1
Marketing and trading in batteries	People's Republic of China	**2**	2
Marketing and trading in batteries	Others	**1**	1
Others		**–**	1
		8	9

Details of the principal subsidiary companies at 31 March 2017 are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017	2016	
		%	%	
Dongguan Chao Ba Batteries Co Ltd [(i) & (iv)]	People's Republic of China	**100**	100	Manufacturing of batteries
Gold Peak Industries (Taiwan) Limited [(iii)]	Taiwan	**80**	80	Manufacturing of batteries
GP Batteries (Americas) Inc [(i) & (v)]	United States of America	**100**	100	Marketing and trading in batteries
GP Batteries (China) Limited [(i)]	People's Republic of China	**100**	100	Manufacturing of batteries
GP Batteries (Malaysia) Sdn Bhd [(iii)]	Malaysia	**100**	100	Manufacturing of batteries

31 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017	2016	
		%	%	
GP Batteries (Shenzhen) Co., Ltd [(i) & (iv)]	People's Republic of China	**100**	100	Manufacturing of batteries
GP Batteries (U.K.) Limited [(i) & (v)]	United Kingdom	**100**	100	Marketing and trading in batteries
GP Batteries (Vietnam) Limited Liability Company [(iii)]	Vietnam	**79**	79	Manufacturing of batteries
GP Battery Marketing (H.K.) Limited [(i) & (iii)]	Hong Kong	**100**	100	Marketing and trading in batteries
GP Battery Marketing (Korea) Limited [(i) & (v)]	South Korea	**90**	90	Marketing and trading in batteries
GP Battery Marketing (Malaysia) Sdn Bhd [(v)]	Malaysia	**100**	100	Marketing and trading in batteries
GP Battery Marketing (Singapore) Pte Ltd [(ii)]	Singapore	**100**	100	Marketing and trading in batteries
GP Battery (Poland) Sp. z.o.o. [(i) & (v)]	Poland	**100**	100	Marketing and trading in batteries
GP Battery Technology (HK) Limited [(iii)]	Hong Kong	**100**	100	Investment holding
GPI International Limited [(iii)]	Hong Kong	**100**	100	Marketing and trading in batteries
Huizhou Chao Ba Batteries Co Ltd [(i) & (iv)]	People's Republic of China	**90**	90	Marketing and trading in batteries
Huizhou Modern Battery Limited [(i) & (iv)]	People's Republic of China	**100**	100	Manufacturing of batteries
Ningbo Fubang Battery Co Ltd [(vi)]	People's Republic of China	**72**	72	Manufacturing of batteries
Ningbo GP Energy Co., Ltd [(vi)]	People's Republic of China	**90**	90	Manufacturing of batteries
Sylva Industries (China) Limited [(i) & (iii)]	Hong Kong	**100**	100	Investment holding
Sylva Industries Limited [(iii)]	Hong Kong	**100**	100	Manufacturing of batteries

31 SUBSIDIARIES (cont'd)

Name of subsidiaries	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017	2016	
		%	%	
Vectrix International Limited [(i) & (iii)]	Hong Kong	**100**	100 [Note 35]	Holding of intellectual properties
Whitehill Electrochemical Company Limited [(i) & (iii)]	Hong Kong	**100**	100	Investment holding and provision of logistic support
Zhongyin (Ningbo) Battery Co. Ltd [(iv)]	People's Republic of China	**70**	70	Manufacturing of batteries

(i) Held by subsidiaries of the Company

(ii) Audited by Deloitte & Touche LLP, Singapore

(iii) Audited by overseas practices of Deloitte Touche Tohmatsu Limited

(iv) Audited by overseas practices of Deloitte Touche Tohmatsu Limited for consolidation purposes

(v) Audited by other accounting firms as these subsidiaries are not significant

(vi) Audited by Grant Thornton Zhejiang Office for consolidation purposes

Details of non wholly-owned subsidiaries that have material non-controlling interests:

Name of subsidiaries	Country of incorporation and place of business	Proportion of ownership interest/ voting power held by the non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	**2017**	2016	**2017**	2016
		%	%	**S$'000**	S$'000	**S$'000**	S$'000
Ningbo Fubang Battery Co Ltd	People's Republic of China	**28**	28	**1,436**	1,562	**10,826**	9,713
Zhongyin (Ningbo) Battery Co. Ltd	People's Republic of China	**30**	30	**10,743**	9,769	**59,909**	58,279
Individually immaterial subsidiaries with non-controlling interests				**(822)**	1,961	**10,134**	12,668
				11,357	13,292	**80,869**	80,660

31 SUBSIDIARIES (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non- controlling interests is set out below:

	Zhongyin (Ningbo) Battery Co. Ltd		Ningbo Fubang Battery Co Ltd	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Current assets	**152,517**	130,935	**41,654**	35,941
Non-current assets	**124,558**	127,624	**9,863**	10,983
Current liabilities	**(97,649)**	(85,454)	**(8,453)**	(7,838)
Equity attributable to owners of the Company	**119,517**	114,826	**32,238**	29,373
Non-controlling interests	**59,909**	58,279	**10,826**	9,713
Revenue	**371,086**	347,339	**50,202**	45,005
Expenses	**(49,321)**	(46,081)	**(3,671)**	(4,093)
Profit for the year	**35,811**	32,564	**5,130**	5,580
Profit attributable to:				
Owners of the Company	**25,068**	22,795	**3,694**	4,018
Non-controlling interests	**10,743**	9,769	**1,436**	1,562
Profit for the year	**35,811**	32,564	**5,130**	5,580
Other comprehensive income attributable to:				
Owners of the Company	**(3,615)**	(7,521)	**(829)**	(1,698)
Non-controlling interests	**(1,548)**	(3,221)	**(323)**	(622)
Other comprehensive income for the year	**(5,163)**	(10,742)	**(1,152)**	(2,320)
Total comprehensive income attributable to:				
Owners of the Company	**21,453**	15,274	**2,865**	2,320
Non-controlling interests	**9,195**	6,548	**1,113**	940
Total comprehensive income for the year	**30,648**	21,822	**3,978**	3,260
Dividends paid to non-controlling interests	**7,565**	6,524	**–**	–
Net cash inflow (outflow) from				
operating activities	**48,028**	53,555	**2,726**	6,958
investing activities	**(8,690)**	(5,736)	**(329)**	(1,873)
financing activities	**(23,365)**	(30,181)	**–**	–
Net cash inflow (outflow)	**15,973**	17,638	**2,397**	5,085

32 ASSOCIATES

Details of the principal associate companies at 31 March 2017 are as follows:

Name of associates	Country of incorporation	Proportion of ownership interest/voting power held by the Group		Principal activities
		2017	2016	
		%	%	
AZ Limited [(i) & (vi)]	Russia	**40**	40	Marketing and trading in batteries
Changzhou Lithium Batteries Ltd [(i) & (iv)]	People's Republic of China	**40**	40	Manufacturing of batteries
Ningbo Fengyin Battery Co., Ltd [(i) & (iv)]	People's Republic of China	**32**	32	Manufacturing and trading of battery materials
Gold Yi Industry Company Limited [(i) & (iv)]	People's Republic of China	**30**	30	Marketing and trading in batteries
GP Battery Marketing (Germany) GmbH [(i) & (iii)]	Germany	**50**	50	Marketing and trading in batteries
GP Battery Marketing (Middle East) Limited (FZC) [(i) & (iv)]	United Arab Emirates	**50**	50	Marketing and trading in batteries
GP Battery Marketing (Thailand) Co Ltd [(i) & (iv)]	Thailand	**49**	49	Marketing and trading in batteries
GWA Energy, Inc [(i) & (iv)]	Taiwan	**41**	41	Marketing and trading in batteries
Hanoi Battery Joint Stock Company [(iv)]	Vietnam	**30**	30	Manufacturing of batteries
Lichton International Limited [(i) & (iv)]	Hong Kong	**33.33**	33.33	Marketing and trading in lighting products
STL Technology Co., Ltd [(i) & (iii)]	Taiwan	**34.46**	34.46	Manufacturing of battery packs and products
STL Technology (SIP) Co., Ltd [(ii) & (v)]	People's Republic of China	**34.46**	34.46	Manufacturing of battery packs and products
T.G. Battery Co (China) Ltd [(ii) & (v)]	People's Republic of China	**42.5**	42.5	Manufacturing of batteries
T.G. Battery Co (Hong Kong) Limited [(iii)]	Hong Kong	**50**	50	Investment holding and provision of logistic support

(i) Held by subsidiaries of the Company

(ii) Held by associates of the Company

(iii) Audited by overseas practices of Deloitte Touche Tohmatsu Limited

(iv) Audited by other accounting firms as these associates are not significant

(v) The results of the associates which are included in the audited consolidated financial statements of their respective holding companies are not separately audited as it is not significant

(vi) Audited by Nexia Finance Group, Moscow for consolidation purposes

32 ASSOCIATES (cont'd)

Summarised financial information in respect of each of the Group's material associates is set out below:

	AZ Limited	
	2017	2016
	S$'000	S$'000
Current assets	**49,567**	33,632
Non-current assets	**7,594**	6,294
Current liabilities	**(26,665)**	(20,013)
Revenue	**71,492**	63,753
Profit for the year	**4,774**	1,645
Other comprehensive income (loss) for the year	**5,809**	(3,633)
Total comprehensive income (loss) for the year	**10,583**	(1,988)
Dividends received from the associate during the year	**–**	–

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

	AZ Limited	
	2017	2016
	S$'000	S$'000
Net assets of the associate	**30,496**	19,913
Proportion of the Group's ownership	**40%**	40%
Share of net assets of the associate	**12,198**	7,965
Others	**(390)**	(191)
Carrying amount of the Group's interest	**11,808**	7,774

	STL Technology Co., Ltd & its subsidiaries	
	2017	2016
	S$'000	S$'000
Current assets	**52,004**	38,131
Non-current assets	**7,019**	7,502
Current liabilities	**(23,425)**	(15,136)
Non-current liabilities	**(63)**	(42)
Revenue	**79,321**	73,781
Profit for the year	**2,055**	2,804
Other comprehensive income (loss) for the year	**3,025**	(1,280)
Total comprehensive income for the year	**5,080**	1,524
Dividends received from the associate during the year	**–**	–

32 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:

	STL Technology Co., Ltd & its subsidiaries	
	2017	2016
	S$'000	S$'000
Net assets of the associate	**35,535**	30,455
Proportion of the Group's ownership	**34.46%**	34.46%
Share of net assets of the associate	**12,245**	10,495
Others	**(131)**	(38)
Carrying amount of the Group's interest	**12,114**	10,457

	T.G. Battery Co (Hong Kong) Limited & its subsidiary	
	2017	2016
	S$'000	S$'000
Current assets	**60,030**	59,297
Non-current assets	**6,072**	5,786
Current liabilities	**(30,674)**	(31,382)
Revenue	**122,803**	122,638
Profit for the year	**3,520**	2,355
Other comprehensive loss for the year	**(575)**	(1,861)
Total comprehensive income for the year	**2,945**	494
Dividends received from the associate during the year	**609**	888

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

	T.G. Battery Co (Hong Kong) Limited & its subsidiary	
	2017	2016
	S$'000	S$'000
Net assets of the associate	**35,428**	33,701
Proportion of the Group's ownership	**50%**	50%
Share of net assets of the associate	**17,714**	16,851
Others	**11**	512
Carrying amount of the Group's interest	**17,725**	17,363

32 ASSOCIATES (cont'd)

	2017 S$'000	2016 S$'000
Aggregate information of associates that are not individually material:		
The Group's share of		
Profit for the year	**919**	753
Other comprehensive loss	**(381)**	(552)
Total comprehensive income	**538**	201
Aggregate carrying amount of the Group's interests in these associates	**11,075**	10,735
Unrecognised share of profits (losses) of associates:		
Share of unrecognised profits (loss) for the year	**4,587**	(26)
Cumulative share of loss	**(208)**	(4,795)

33 RELATED PARTY TRANSACTIONS

The Company's immediate holding company is GP Industries Limited. Gold Peak Industries (Holdings) Limited is the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate and immediate holding companies' group of companies. The amounts due from or to related parties are unsecured, non-interest bearing and repayable on demand unless otherwise indicated. The Group has transactions with related parties as follows:

	The Group	
	2017 S$'000	2016 S$'000
Ultimate holding company		
Rental income and other services received	**(86)**	(17)
Rental and other services paid	**–**	2,605
Immediate holding company		
Other services received	**(18)**	(18)
Rental and other services paid	**222**	224
Related companies		
Sales	**(31)**	(398)
Rental income received	**(222)**	(102)
Purchases	**–**	4
Design fee paid	**129**	130
Other services paid	**71**	593

33 RELATED PARTY TRANSACTIONS (cont'd)

	The Group	
	2017	2016
	S$'000	S$'000
Associates		
Sales	**(26,748)**	(23,295)
Purchases	**88,353**	87,492
Commission expenses	**142**	–
Outsourcing fee	**365**	249
Dividend income	**(1,409)**	(1,194)
Interest income	**(42)**	(110)
Management fee income	**(220)**	(238)
Rental income	**(371)**	(333)
Royalty income	**(163)**	(171)
Sundry income	**–**	(166)
The remuneration of key management personnel are as follows:		
Short-term benefits	**3,399**	3,157

34 SEGMENT INFORMATION

Reportable operating segment information

The Group operates in only one main operating segment which focuses on the development, manufacturing, distribution and trading in batteries and battery related products. This operating segment has been identified on the basis of internal management reports that are regularly reviewed by the Executive Directors of the Group who are the chief operating decision makers. The Executive Directors of the Group review the overall results of the Group as a whole to make decisions about resource allocation. Accordingly, no further analysis of this single reporting segment has been prepared. The accounting policies of this reportable segment are the same as the Group's accounting policies described in Note 2.

Geographical information

The Group's revenue and information about its non-current assets by geographical locations are detailed below:

	Revenue from external customers		Non-current assets	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Asia				
PRC (including Hong Kong)	**347,720**	351,930	**198,745**	208,804
Other parts of Asia	**92,998**	99,799	**64,191**	39,770
	440,718	451,729	**262,936**	248,574
North and South America	**114,907**	151,846	**91**	404
Europe and others	**204,217**	161,679	**17,649**	13,482
	759,842	765,254	**280,676**	262,460

The Group's activities are primarily based in the People's Republic of China (including Hong Kong) and other Asian countries. Revenue is based on the country in which the customer is located. Non-current assets are shown by the geographical areas in which these assets are located. Deferred tax assets are excluded for the purpose of the above presentation.

34 SEGMENT INFORMATION (cont'd)

Other information

	The Group	
	2017	2016
	%	%
Revenue by products		
Primary cylindrical	**58.9**	57.4
Primary specialty	**21.8**	21.7
Rechargeable	**17.4**	19.3
Others	**1.9**	1.6
	100.0	100.0

There are no customers contributing more than 10 percent of the revenue of the Group.

35 ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

During the financial year ended 31 March 2016, the Group acquired 30,000 ordinary shares in the capital of Vectrix International Limited ("Vectrix International"), representing the entire issued share capital of Vectrix International, from Vectrix Holdings Limited, an associated company of the Group, for a nominal consideration of HK$1. As a result of the acquisition, Vectrix International became an indirect wholly-owned subsidiary of the Group.

36 ASSET HELD FOR SALE

		The Group	
	Note	**2017**	2016
		S$'000	S$'000
Reclassified from property, plant and equipment	14	**1,057**	–

During the financial year ended 31 March 2017, the Group entered into a Sales and Purchase Agreement to dispose of a property in the People's Republic of China for a consideration of RMB105 million (approximately S$21 million). The disposal is expected to complete in the next financial year.

37 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in the consolidated statement of profit or loss and consolidated statement of cash flows, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The following tables set out the restated balances in the consolidated statement of profit or loss, consolidated statement of cash flows.

	March 31, 2016	
	Previously reported	**After classification**
	S$'000	**S$'000**
Consolidated statement of profit or loss		
Administrative expenses	(88,974)	(88,443)
Finance costs	(6,353)	(6,884)
Consolidated statement of cash flows		
Finance costs	6,353	6,884
Other short-term bank loans obtained (paid)	(34,687)	(35,218)

38 EVENTS AFTER REPORTING PERIOD

Subsequent to year end, the Company's 70%-owned subsidiary, Zhongyin (Ningbo) Battery Co., Ltd ("ZYNB"), has incorporated a wholly-owned subsidiary, Ningbo GP Pairdeer Batteries Co. Ltd in China, with a registered capital of RMB500 million (approximately S$101 million), in connection with an intended internal corporate restructuring of ZYNB and its subsidiaries.

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF 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

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each 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:

(a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of the goodwill at the end of each reporting period is disclosed in Note 18 to the financial statements.

(b) Impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimation of the recoverable amount of the property, plant and equipment. In determining the recoverable amount, management will calculate the value in use by estimating the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows as well as obtaining market value of the property, plant and equipment.

The impairment and carrying amount of property, plant and equipment at the end of each reporting period are disclosed in Note 14 to the financial statements.

(c) Depreciation of property, plant and equipment

The management exercises their judgement in estimating the useful lives of the depreciable assets. Depreciation is provided to write off the cost or valuation of property, plant and equipment over the estimated useful lives, using the straight-line method or reducing balance method.

The carrying amount of property, plant and equipment at the end of each reporting period is disclosed in Note 14 to the financial statements.

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

(d) Allowances for bad and doubtful debts

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables when events or changes in circumstances indicate that the balance may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and doubtful debts expenses in the period in which such estimate has been changed.

The allowances and carrying amount of doubtful receivables at the end of each reporting period are disclosed in Notes 16 and 20 to the financial statements.

(e) Impairment of investments in subsidiaries and associates

Determining whether investments in subsidiaries and associates are impaired requires an estimation of the recoverable amount assessed to be the higher of fair value less cost to sell and value in use. Management has evaluated the recoverability of these investments based on such estimates. The carrying value of the investments in subsidiaries and associates are set out in Notes 15 and 16 to the financial statements.

(f) Allowance for stocks

The carrying amount of stocks is progressively reduced based on the age and type of stocks. These estimates of realisable values are made by management after taking into account historical and forecast selling prices. The carrying amount of stocks of the Group is set out in Note 19 to the financial statements.

CORPORATE GOVERNANCE

The Board of Directors (the "Board" or the "Directors") of GP Batteries International Limited (the "Company" and together with its subsidiaries, the "Group") is committed to ensuring and maintaining high standards of corporate governance in conformance with Singapore Code of Corporate Governance 2012 (the "Code") as well as the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

This report describes the Company's corporate governance practices with reference to the principles and guidelines of the Code, and where applicable, the Listing Manual of the SGX-ST, the Singapore Companies Act, Cap. 50 and the Guidebook for Audit Committee in Singapore. Explanations on any deviations in the Company's practices from the Code are provided, where applicable.

THE CODE

The Code is divided into four main sections, namely:

(A) Board Matters
(B) Remuneration Matters
(C) Accountability and Audit
(D) Shareholder Rights and Responsibilities

(A) BOARD MATTERS

The Board currently consists of the following members:

Mr Victor Lo Chung Wing
Mr Richard Ku Yuk Hing
Mr Henry Leung Kwong Hang
Mr Leung Pak Chuen
Mr Hui Wing Sun
Mr Brian Wong Tze Hang
Mr Lim Jiew Keng
Mr Allan Choy Kam Wing
Mr Goh Boon Seong

A description of the background of each Director is presented in the Board of Directors and Senior Management section of this annual report.

The Board's Conduct of Affairs

Principle 1: Effective Board to lead and control the Company

The Board meets regularly to review the Group's strategic business plans, the assessment of key risks and the financial performance of the Group. The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including risk management systems and internal controls to safeguard shareholders' and stakeholders' interests and the Group's assets. All Board members exercise due diligence, independent judgement, and objective decision making based on their diversified knowledge and experience, in the best interests of the Company.

In addition to the statutory duties, the principal functions of the Board are as follows:-

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

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) review management performance;

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

(e) set the Company's value and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues, eg. environmental and social factors, as part of its strategic formulation.

The authority of the Board in relation to matters concerning the Company's business affairs is defined in the Risk Governance Framework and Manual of the Company. The Board has delegated specific responsibilities to three Board Committees, namely, the Audit and Risk Committee (the "ARC"), Nominating Committee (the "NC") and Remuneration Committee (the "RC") (collectively the "Board Committees"). The Board acknowledges that while these Board Committees have the authority to examine particular issues and will report to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board's Conduct of Affairs (cont'd)

Furthermore, the Company has formalised a Board authority matrix that sets out the detail and extent of authority delegated to the Board Committees and management team of the Company ("Management"). It also sets out the key activities and/or transactions which require the Board's approval such as significant investments/divestments, financing arrangements, interested persons transactions, capital expenditure, financial budgets, share issuance and dividend payments and any material transactions requiring announcements under the SGX-ST Listing Rules.

The Board meets at least four times a year and these meetings are scheduled well in advance. Ad hoc meetings are called as and when there are matters that require the Board's consideration and decision in between the scheduled meetings.

The Constitution of the Company allows Directors to participate in a Board meeting by telephone-conference or video-conference such that their participations in meetings are not limited by the need for physical presence.

The number of the Board and the Board Committees meetings held in the financial year ended 31 March 2017 and the attendances of Directors at these meetings are as follows:

	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Victor Lo Chung Wing	4	4	4	–	1	1	1	1*
Richard Ku Yuk Hing	4	4	4	–	1	–	1	–
Henry Leung Kwong Hang	4	4	4	4*	1	1	1	1*
Leung Pak Chuen	4	4	4	–	1	1*	1	1*
Hui Wing Sun	4	4	4	–	1	–	1	–
Brian Wong Tze Hang	4	4	4	4*	1	–	1	–
Lim Jiew Keng	4	4	4	4	1	1	1	1
Allan Choy Kam Wing	4	4	4	4	1	1	1	1
Goh Boon Seong	4	4	4	4	1	1	1	1

* Attendance by invitation of the relevant Board Committees

The appointment of Directors is recommended to the Board by the NC and the incoming Directors will be briefed on their duties and obligations. A formal letter of appointment will be provided to the newly appointed Directors, setting out their duties and obligations as a Director. The Company also organises orientation program and induction briefings from senior management for new Directors to familiarise with the business activities (covering products, customers, market position, financial, organisational structure and performance) as well as the strategic direction and corporate governance practices of the Company. The Company also arranges, where necessary, for new Directors to visit major operating facilities of the Group.

To keep pace with new laws, regulations, changing commercial risks and accounting standards, the Directors are encouraged to attend, at the Company's expense, relevant courses and seminars conducted by external organisations for their continuing education. The Company Secretaries will regularly bring to the Directors' attention regarding information on courses and seminars that may be of relevance to them.

For the financial year ended 31 March 2017, the following updates and briefings were arranged for the Board:

- developments to the financial reporting standards and auditing standards that are relevant to the Company were provided by external auditors, Deloitte & Touche LLP;
- developments to (i) risk governance, risk management program and risk profile of the Group; and (ii) sustainability reporting requirements were provided by an external consultant, RSM Risk Advisory Pte Ltd;
- developments and changes to the regulatory landscape and legal environment were presented by Company Secretaries and external professionals; and
- latest changes and updates to the industry and sector developments and the implications to the Group were presented by the Chief Executive Officer ("CEO") and the Executive Vice President.

Board Composition and Guidance

Principle 2: Strong and independence element on the Board

The Board comprises nine members, three of whom are Non-Executive Directors. All the three Non-Executive Directors, namely, Mr Lim Jiew Keng, Mr Goh Boon Seong and Mr Allan Choy Kam Wing are independent (i.e. they have no relationship with the Group, its related companies, its 10% shareholders, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group, and they are able to exercise objective judgement on corporate affairs independently from Management and its 10% shareholders). Mr Allan Choy Kam Wing is also a non-executive and independent member of the Board of GP Industries Limited, which is the immediate holding company of the Company.

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 evaluation performed by the NC, is of the view that all Non-Executive Directors of the Company are independent.

The Board noted that the Company is required to comply with the requirement for Independent Directors to make up at least half of the Board on or before the Annual General Meeting of the Company scheduled to be held before 31 July 2018, and is in the midst of making arrangements to change the Board composition.

The Chairman and the CEO is the same individual. The Board is of the view that this arrangement does not impair the effectiveness of decision making. The Chairman and the CEO is responsible for the overall operations of the Group as well as ensuring that the principles of the Code are adhered to. There is sufficient independent representation in the Board and the Board Committees which provide an independent and objective element to the Group in strategic level decision making. The NC is also of the view that the current Board as a whole provides core competencies necessary to meet the Company's objectives. The Board will continually evaluate the number of Independent Directors, and is taking steps to increase the independent composition of the Board over time.

None of the Independent Directors has served on the Board for a period exceeding nine years from the date of his first appointment. The NC evaluates the independence of a Director in accordance with the definition of 'Independent Director' under Guideline 2.3 of the Code that would otherwise deem him not to be independent.

Board Size and Experience

The Board, with the assistance of the NC in reviewing the Board size on an annual basis, is satisfied that the present Board size is appropriate for the current scope and nature of the Group's operations.

The Board as a whole comprises executive and independent non-executive members who bring a vast wealth of expertise and experience to the Group. The Executive Directors are qualified in the specialists fields of sales and marketing, engineering, operational management, finance and legal. The Independent Non-Executive Directors, aside from their appointments in other listed companies, also bring industry experience from the banking, finance, manufacturing and engineering sectors.

Role of the Non-Executive Directors

The Non-Executive Directors constructively challenge proposals on business strategy and review the Group's performance against business objectives. They also convene meetings as and when required to address ad hoc or urgent matters. The Non-Executive Directors deliberate and engage in constructive dialogue (either as a non-executive group or with Management) in order to proactively provide independent advice.

Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities and balance of power and authority

The role of the Chairman and the CEO should principally be separated to maintain an appropriate balance of power, increased accountability and to facilitate independent decision making by the Board. The Chairman and the CEO promotes high standards of corporate governance on the Board and within the Group.

The Chairman is also the CEO of the Company. Nonetheless, there are compensating factors to mitigate the consolidation of the Chairman and the CEO role within the Group. For instance, the presence of three Independent Non-Executive Directors provides an independent and objective element to the Board. They participate actively in matters relating to business, finance, corporate governance, risk management, remuneration and appointment of Board members. The Board Committees, namely, the ARC, the RC and the NC, comprise primarily Independent and Non-Executive members. Hence, the Board believes that there are sufficient safeguards against an uneven concentration of power and authority in a single individual, and that the existing leadership arrangement is effective. The Board will continually review the role of the Chairman and the CEO as well as the composition of the Board to ensure that it does not impede the principles of independence and objectivity in decision making.

Roles of the Chairman and the CEO

Mr Victor Lo Chung Wing is the Chairman and the CEO of the Company. As the CEO, he is responsible for the Group's overall management, including overseeing the Group's operation, setting directions for new growth areas and developing business strategies. Mr Victor Lo Chung Wing plays an instrumental role in developing the business of the Group and provides 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 Chairman and the 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 exercises 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 and managing the relationship with shareholders;

(ii) ensuring that Board meetings are held when necessary and to approve the meeting agenda;

(iii) providing 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 Directors; and

(vii) ensuring compliance with the guidelines set out in the Code.

The Board is of the view that there is adequate accountability and transparency taking into account the size, scope and nature of the operations of the Group, the roles of the Chairman and the CEO are not separated.

Lead Independent Director

To promote a high standard of corporate governance, Mr Lim Jiew Keng had been appointed as the Lead Independent Director of the Company and he is also the Chairman of the ARC.

As the Lead Independent Director, Mr Lim Jiew Keng shall be available for dialogue with shareholders in circumstances where:

- shareholder contact through regular channels to engage the Chairman/CEO, Chief Risk Officer ("CRO") or the Chief Financial Officer ("CFO") is unable to yield resolution of issues; or
- shareholder contact with the Chairman/CEO, CRO or CFO is inappropriate.

The Independent Non-Executive Directors meet annually without the presence of the other members of the Board (or more frequently if required) to discuss matters of significance which are thereon reported to the Chairman/CEO.

Board Membership

Principle 4: Formal and transparent process for the appointment and re-appointment of Directors to the Board

Nominating Committee

The NC currently comprises the following five Directors:

Mr Allan Choy Kam Wing (Chairman)
Mr Victor Lo Chung Wing (Member)
Mr Henry Leung Kwong Hang (Member)
Mr Lim Jiew Keng (Member)
Mr Goh Boon Seong (Member)

The majority of the NC, including the NC Chairman, is Independent and Non-Executive Directors. The NC met once during the financial year.

The NC has a Terms of Reference endorsed by the Board that sets out its duties and responsibilities. The NC is responsible for making recommendations to the Board on all Board appointments, evaluation of performance of the Board and adequacy of the Board's training and professional development programmes.

Nominating Committee (cont'd)

The duties and responsibilities of the NC as set out in its Terms of Reference include:

(a) reviewing, assessing and making recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendation to the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board; and providing to all newly appointed directors a formal letter setting out his/her duties and obligations;

(b) reviewing regularly 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 the core competencies of the Directors as a group and making recommendations to the Board with regards to any adjustments that are deemed necessary;

(c) reviewing, assessing and recommending nominee(s) or candidate(s) for re-appointment or re-election to the Board and considering his/her competencies, commitment, contribution, performance and whether or not he/she is independent;

(d) making plans for succession, in particular for the Chairman of the Board and the CEO;

(e) determining annually whether a Director is independent bearing in mind the circumstances set forth in Guidelines 2.3 and/or 2.4 of the Code and other salient factors; and to ensure that the Company will disclose in full the nature of the Director's relationship and explains why the Director should be considered independent, if the NC determines that Director, who has one or more of the relationships that could interfere with his/her exercise of independent business relationship judgement or who has served on the Board beyond nine years can be considered independent;

(f) recommending Directors who are retiring by rotation to be put forward for re-election;

(g) deciding whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations, and/or other principal commitments;

(h) recommending to the Board to adopt internal guidelines to address the competing time commitments faced by the Directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold;

(i) assessing the effectiveness of the Board as a whole and recommending to the Board the development of a process for evaluation and decide how the performance of the Board may be evaluated and proposing objective performance criteria; and

(j) recommending to the Board comprehensive induction training programmes for new Directors and to review training and professional development programmes for the Board and keep the Board apprised of relevant new laws, regulations and changing commercial risks.

Independence of Directors

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 following Directors:

Mr Lim Jiew Keng
Mr Allan Choy Kam Wing
Mr Goh Boon Seong

Sufficient Time and Attention by Directors

The NC is satisfied that sufficient time and attention are given by the Directors to the affairs of the Group, taking into consideration their other principal commitments and representations on the boards of other listed companies. With due respect to individual autonomy of each Director, no maximum number of listed company board representations a Director may hold is prescribed.

The Board does not have the practice of appointing alternate Directors.

Selection, Appointment and Re-appointment of Directors

When selecting new Directors or re-appointing existing Directors, the NC identifies certain key attributes. These attributes are endorsed by the Board prior to the selection and short-listing process (which includes referrals and identification through professional recruitment firms).

Selection, Appointment and Re-appointment of Directors (cont'd)

The NC members collectively assess and concur on the appointment/re-appointment of the Directors for consideration by the Board. In assessing the re-appointment of a Director, the NC evaluates criteria including qualifications, contributions and independence.

Pursuant to the Code, information on each Director's qualifications, directorship and other principal commitments is as follows:

	Victor Lo Chung Wing	Richard Ku Yuk Hing	Henry Leung Kwong Hang
Role	Chairman and CEO Executive Director	Vice Chairman Executive Director	Executive Vice President ("EVP") and CRO Executive Director
Academic and Professional Qualifications	Mr. Lo graduated from the Institute of Design of Illinois Institute of Technology, US with a Bachelor of Science degree in Product Design. He also holds an Honorary Doctorate in Design from The Hong Kong Polytechnic University.	Mr. Ku graduated from the Sophia University, Japan with a Bachelor of Science degree in Economics.	Mr. Leung graduated from the University of Essex, UK with a Bachelor's degree in Telecommunication Engineering. He is a Chartered Engineer and a member of The Institution of Engineering and Technology, UK as well as a fellow member of The Hong Kong Institution of Engineers.
Board Committee(s) served on	NC (Member)	Nil	NC (Member)
Date of first appointment as a Director	25 April 2014	24 July 1990	13 August 2008
Date of last re-election/ re-appointment as a Director	28 July 2016	28 July 2016	30 July 2015
Present directorships in other listed companies	Gold Peak Industries (Holdings) Limited *Chairman and Chief Executive Executive Director* GP Industries Limited *Chairman and CEO Executive Director*	Gold Peak Industries (Holdings) Limited *Executive Director*	Nil
Past directorships in other listed companies over the three years	Nil	Nil	Nil
Other principal commitments	Hong Kong Design Centre *Director* West Kowloon Cultural District Authority of Hong Kong SAR Government *Member of the Board* Economic Development Commission of Hong Kong SAR Government *Non-official Member* PMQ Management Co. Ltd *Director* Hotel ICON Limited *Chairman of the Board of Directors*	Nil	Nil

Selection, Appointment and Re-appointment of Directors (cont'd)

	Leung Pak Chuen	Hui Wing Sun	Brian Wong Tze Hang
Role	Executive Director	Executive Director	CFO Executive Director
Academic and Professional Qualifications	Mr. Leung graduated from Chu Hai College, Hong Kong with a Bachelor's degree in Business Administration. He is a member of The Chartered Institute of Marketing, UK and The International Institute of Management.	Mr. Hui holds a Higher Diploma in Mechanical Engineering from The Hong Kong Polytechnic University (formerly The Hong Kong Polytechnic) and a Master of Science degree in Applied Mechanics from the Institute of Science and Technology, University of Manchester, UK.	Mr. Wong holds a Bachelor of Laws degree from the University of London, UK. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the UK.
Board Committee(s) served on	Nil	Nil	Nil
Date of first appointment as a Director	29 May 2014	24 July 1990	1 June 2009
Date of last re-election/ re-appointment as a Director	30 July 2014	28 July 2016	30 July 2015
Present directorships in other listed companies	Gold Peak Industries (Holdings) Limited *Deputy Chief Executive Executive Director* GP Industries Limited *Executive Vice Chairman Executive Director* Meiloon Industrial Co. Ltd (Meiloon") *Authorised Representative of Director of Meiloon, Famingo Pte Ltd*	Nil	Nil
Past directorships in other listed companies over the three years	Nil	Nil	Nil
Other principal commitments	Nil	Nil	Nil

Selection, Appointment and Re-appointment of Directors (cont'd)

	Lim Jiew Keng	Allan Choy Kam Wing	Goh Boon Seong
Role	Lead Independent Director, Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Academic and Professional Qualifications	Mr. Lim holds a Bachelor of Social Science (Honours) degree in Economics from the National University of Singapore (formerly University of Singapore), a Certificate in Education from the National Institute of Education (formerly Teachers' Training College), Singapore and completed an Advanced Management Programme at the Fuqua Business School of the Duke University, US. Mr Lim has been a member of the Singapore Institute of Directors since 2002.	Mr. Choy holds a Diploma in Management Studies from the University of Hong Kong and an MBA degree from the University of Macau.	Mr. Goh graduated from the National University of Singapore (formerly University of Singapore) with a Bachelor of Business Administration degree.
Board Committee(s) served on	ARC (Chairman), NC (Member), and RC (Member)	NC (Chairman), ARC (Member), and RC (Member)	RC (Chairman), ARC (Member), and NC (Member)
Date of first appointment as a Director	1 July 2009	24 May 2011	28 May 2012
Date of last re-election/ re-appointment as a Director	28 July 2016	28 July 2016	30 July 2015
Present directorships in other listed companies	Nil	GP Industries Limited *Independent Non-Executive Director*	Boustead Singapore Limited *Independent Director*
Past directorships in other listed companies over the three years	Nil	Nil	Nil
Other principal commitments	BSL Consultants Pte Ltd *Director*	Nil	WhiteRock Medical Company Pte Ltd *Director & Shareholder*

Details of Directors' shareholdings are disclosed on page 24 of the Directors' Statement under Directors' Interests in Shares and Debentures of this annual report.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board

The Board has implemented a process to access the effectiveness of the Board and the contribution of each Director towards the Board's effectiveness. The NC works with the Company Secretaries to evaluate the performance of the Board through a formal evaluation program. This program identifies the strategic and long-term objectives of the Group and aligns it with the attributes and contribution measures against which the Board is assessed.

Board Performance (cont'd)

The following key performance criteria are considered under the evaluation program:

- Board composition (including the degree of independence, experience and skill sets)
- Board information (including the timeliness and quality of business and financial information)
- Board communication (including openness, adequacy of timing allocated to deliberate issues, dynamics, appropriate focus on risk, access to management and orientation of new Directors)
- Board accountability (including decision making, communication with shareholders, adequate focus on strategic and budgetary matters and effectiveness of the Board Committees)
- Board standards of conduct (including disclosure of conflict of interests and appropriate interaction with Management)

The NC reviews the performance of the Directors. Evaluations of individual Director are taken into account by both the NC and the Board Chairman in considering each Director's performance and any changes to the Board appointments. The basis of evaluating the effectiveness of each Director is continually refined to improve the measurement and benchmarking of the results against predetermined criteria.

Access to Information

Principle 6: Board members should be provided with complete, adequate and timely information

Board papers prepared by Management are circulated to all Board members prior to every Board meeting. The Board papers include, among others, the following documents and details:

- minutes of the previous Board meeting;
- background or explanations on matters brought before the Board for decision or information;
- in respect of quarterly financial results, material variances compared to budgets and projections, supported by detailed analysis and explanations; and
- any major operational and financial issues.

The Board is also consulted on any major issues or relevant business matters, or updated on the latest developments of the Group through either formal or informal communications with Management. These communications are facilitated either as part of the Board meeting or via teleconference/email correspondences with Management.

Matters which require the Board's consideration and approval are reviewed and approved through formal Board Resolutions.

The Board is furnished with monthly management accounts which present a balanced and understandable assessment of the Group's financial position and performance. In addition, detailed reviews and discussions on the quarterly financial results are conducted by the Board during the relevant Board meetings before these results are announced and released via the SGXNet.

Directors have separate and independent access to the Group's Management, including the Chairman/CEO, the CFO and the Group's internal and external auditors. Directors are able to query Management in relation to the Board papers or any reports prepared by Management.

Role of the Company Secretaries

The Board has access to the advice and services of the Company Secretaries and decides on their appointment and removal.

At least one of the Company Secretaries attends all Board meetings, in particular the meetings for reviewing the draft announcements of the Group's quarterly or full year financial results, and all meetings of the RC and the NC.

The Company Secretaries assist the Chairman to ensure that the Board procedures are duly followed. They also assist the Company to comply with relevant rules and regulations such as the Singapore Companies Act, Cap. 50 and the SGX-ST Listing Rules.

Professional Advice Taken by the Board

The Board, whether as a group or individually, may seek and take independent professional advice in relation to the discharge and furtherance of their duties. The costs of such professional advice will be borne wholly by the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors

The RC currently comprises the following three Independent Non-Executive Directors:

Mr Goh Boon Seong (Chairman)
Mr Lim Jiew Keng (Member)
Mr Allan Choy Kam Wing (Member)

No member of the RC is involved in the deliberations of any remuneration, compensation, options or any form of benefits that he is interested in.

The RC has a Terms of Reference endorsed by the Board and the principal responsibilities of the RC include:

(a) reviewing and recommending to the Board in consultation with Management and the Chairman of the Board, a framework of remuneration, and determining the specific remuneration packages and terms of employment for each of the Executive Directors and key management personnel including those employees related to the Executive Directors or the substantial/controlling shareholders of the Group;

(b) reviewing and submitting its recommendations for endorsement by the entire Board, share-based incentives or any long-term incentive schemes which may be set up from time to time, in particular, to review whether Directors and key management personnel should be eligible for such schemes and also evaluating the costs and benefits of such schemes and doing all acts necessary in connection therewith;

(c) functioning as the Committee referred to in the GP Batteries Performance Share Plan (the "Performance Share Plan") and shall have all the powers as set out in the Performance Share Plan;

(d) carrying out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed by the Board from time to time;

(e) ensuring all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered;

(f) ensuring the remuneration packages are comparable within the industry and 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;

(g) ensuring the remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(h) ensuring the level and structure of remuneration are aligned with the long-term interests and risk policies of the Company and Guidelines 8.1 to 8.4 of the Code; and

(i) ensuring the Company's obligations arising in the event of termination of the Executive Directors and key management personnel are fair and reasonable under the contracts of service.

During the financial year, the RC had recommended to the Board for endorsement, a framework of remuneration for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate senior management to run the Company succesfully in order to maximise shareholders' value.

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

Principle 8: Level of remuneration of Directors should be appropriate but not excessive

The RC works closely with the Group's Human Resources (the "GHR") function on deriving the remuneration policy. The GHR provides remuneration details of the Board and key management personnel to the RC for their evaluation against available industry data to determine whether the level and mix of remuneration is reasonable. The remuneration policy recommended by the RC is submitted for approval by the Board.

Level and Mix of Remuneration (cont'd)

Independent Non-Executive Directors are remunerated with fees that are structured to reflect the amount of time and effort put into as well as the level of contribution made and responsibilities assumed and they include the following components:

(i) a basic fee;

(ii) fee for acting as the Lead Independent Director;

(iii) fee for acting as the Chairman or a member of the ARC, the RC or the NC; and

(iv) fee for attending additional Board, ARC, RC or NC meetings beyond those generally required or scheduled for.

Executive Directors and key management personnel have remuneration structures that do not promote excessive risk taking and are aligned with the Group's business strategy, longer term objectives and risk policies.

The RC reviews the remuneration of the Non-Executive Directors annually to ensure that the compensation received, which is fixed in nature, reflects the amount of time and effort as well as the level of contribution and responsibilities borne by each Non-Executive Director.

The Company does not use any contractual provision to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of mis-statement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors and key management personnel in the event of such breach of fiduciary duties.

Remunerations of Executive Directors and Key Management Personnel

(a) Fixed and Variable Components

Remunerations of Executive Directors and key management personnel generally comprise a fixed component as well as a variable component that is linked to the Company's performance. The fixed component comprises a basic salary, statutory-related contributions as well as internally structured corporate contributions. The variable component comprises a variable bonus which is based on the Company's and individual's performance.

The remuneration structure is aligned with the long-term business interests and is designed to be motivational and facilitate the retention of key management talents.

Remunerations of Executive Directors and key management personnel are reviewed by the RC annually. The RC performs a periodic benchmark of the remuneration framework and its components against the market.

(b) Benefits

Benefits provided are in line with market practice and eligibility is dependent on the individual's position and seniority.

(c) Performance Share Plan

The Company has a Performance Share Plan approved by the shareholders at the Extraordinary General Meeting held on 30 July 2010.

Under the Performance Share Plan, shares are awarded based on the eligibility and performance of the individual. The approval to award performance shares rests with the RC and there have not been any performance shares awarded to date.

Non-Executive Directors are eligible to participate in the Performance Share Plan to include an incentive element to their remunerations as well as to align their interests with shareholders.

Disclosure on Remuneration

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The remuneration package of all the Directors and the top five key management personnel (who are not Directors or the CEO) for the financial year ended 31 March 2017 is presented in the table below:

The Annual Remuneration Report

Name of Personnel	Fixed Salary including CPF	Performance related income	Other Benefits	Directors Fee	Total
Range of remuneration below S$250,000					
Executive Director					
LEUNG Pak Chuen	0%	0%	0%	0%	0%
Independent Non-Executive Director					
Allan CHOY Kam Wing	0%	0%	0%	100%	100%
GOH Boon Seong	0%	0%	0%	100%	100%
LIM Jiew Keng	0%	0%	0%	100%	100%
Range of remuneration S$250,001 to S$500,000					
Executive Director					
HUI Wing Sun	93%	5%	2%	0%	100%
Richard KU Yuk Hing	84%	14%	2%	0%	100%
Brian WONG Tze Hang	75%	5%	20%	0%	100%
Key Executive					
David QIU Ruixiang	79%	20%	1%	0%	100%
Range of remuneration S$500,001 to S$750,000					
Key Executive					
HUANG Xiao Yun	26%	74%	0%	0%	100%
Richard YEW Cheng Teik	83%	16%	1%	0%	100%
Vincent ZHU Xiang Kui	25%	75%	0%	0%	100%
Range of remuneration S$750,001 to $1,000,000					
Executive Director					
Victor LO Chung Wing	93%	7%	0%	0%	100%
Key Executive					
William WANG Jian Hao	21%	79%	0%	0%	100%
Range of remuneration S$1,000,001 to S$1,250,000					
Executive Director					
Henry LEUNG Kwong Hang	57%	35%	8%	0%	100%

Total remuneration for the Directors and the top five key management personnel for the financial year ended 31 March 2017 amounted to S$3,399,000 and S$3,061,000 respectively. The Company believes that the disclosure in bands of S$250,000 provides sufficient overview of the remuneration of the Directors.

No employee of the Group was an immediate family member of a Director and the CEO whose remuneration exceeded S$50,000 during the financial year ended 31 March 2017. "Immediate family" is defined in the context of the Director as his/her spouse, child, adopted child, step-child, sibling and parent.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: Presentation of a balanced and understandable assessment of the Company's performance, position and prospects

The Board is accountable to the shareholders. The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting quarterly and full year financial results and other price sensitive public reports, and reports to regulators (if required). The Board takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the SGX-ST Listing Rules.

Management is accountable to the Board. Management prepares monthly management accounts as well as quarterly and annual financial reports that contain analysis and explanations of variances against budget and forecasts for the Board to understand the Group's financial and operational performance and prospects.

On a day-to-day basis, Management reviews the regulatory and compliance requirements and is responsible for ensuring proper adherence to applicable rules and regulations.

Risk Management and Internal Controls

Principle 11: Sound system of risk management and internal controls

The Board is responsible for risk governance. It establishes the level of risk appetite and tolerance limits which are conformed to in the pursuit of the business objectives. The Board has ultimate responsibility to set the business strategy in a manner that addresses stakeholders' expectations without exposing the Company to an unacceptable level of risk.

The Company has in place a Risk Governance and Internal Control Manual. This manual sets out the risk governance responsibilities and the accountability for risk management activities which mitigate the occurrence and exposure to significant risks that would impede the achievement of business objectives. To supplement the Risk Governance and Internal Control Manual, the Board has established an Enterprise Risk Management ("ERM") framework and program. The ERM framework and program ensure that proper risk management is embedded in the Company's business activities and that a positive risk culture and robust risk management process are in place and consistently applied to address risks relating to operation, finance, information technology and compliance. The risk management strategy, policies, risk profile and effectiveness of the risk mitigation actions to manage the Company's risks are presented regularly to the ARC which assumes responsibilities for both audit and risk matters.

Separate Committee for Risk Management

The Company does not have a separate Risk Committee. The ARC is responsible for all matters in relation to risk management. The ARC is independent from Management, and members of the ARC are listed under "Audit and Risk Committee".

The Company's ERM framework and program for the identification of key risks within the business is aligned with the ISO 31000:2009 Risk Management framework and the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Internal Controls Integrated Framework.

Roles and Responsibilities of the ARC in Respect of Risk Management

As part of the ARC's responsibilities on risk management, the ARC:

- proposes the risk governance approach and risk policies for the Company to the Board;
- reviews the risk management methodology adopted by the Company;
- reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Company identified by Management;
- reviews Management's assessment of risks and Management's action plans to mitigate such risks;
- proposes risk appetite and tolerance limits to the Board;
- reviews reports of any material breaches of risk limits;
- reviews the Company's procedures for reporting fraud including the whistle-blowing policy and ensures appropriate follow up actions are taken;

Roles and Responsibilities of the ARC in Respect of Risk Management (cont'd)

- reports to the Board on matters, findings and recommendations relating to risk management; and
- reviews the adequacy and effectiveness of the Company's risk management systems.

The CRO of the Company is Mr Henry Leung Kwong Hang, who is also the EVP of the Company. The CRO is the custodian of the Risk Management program who reports on risk management matters to the ARC. The ARC reviews the adequacy of the ERM framework and program with the CRO to understand the process to identify, assess, manage and monitor risks. Additionally, there is a risk management annual program which charts out the objectives and outputs of the ERM program and this also caters for a frequent review of the effectiveness of the ERM process.

The CRO presents regular reports to the ARC and the Board on the Group's risk profile, the status of risk mitigation action plans and updates on the following areas:

- assessment of the key risks by major business units and risk categories;
- identification of specific 'risk owners' responsible for the risks identified;
- description of the processes to identify and assess risks to the business;
- status and changes in plans undertaken by Management to manage key risks; and
- description of the risk monitoring and escalation processes and also systems in place.

Risk Appetite and Tolerance Limits

The Board has reviewed the risk appetite and tolerance limits proposed by Management for the key risks pertinent to the business strategy as well as the significant risks identified through the ERM process covering the operational, financial, information technology and compliance aspects.

Risk owners and coordinators keep track of risk indicators in order to monitor conformance with risk appetite and tolerance limits. Any breach in risk limits is highlighted to the CRO who is tasked to oversee the necessary risk treatments and to report any major risk incidents to the ARC on a timely basis.

Based on the above, the ARC is of the opinion that the directives set forth in the Risk Governance Framework and Manual as well as the ERM program are adequate for the Company.

Management's Responsibility in Risk Management

Management is responsible for designing, implementing and monitoring the ERM framework and program and internal control systems in accordance with the policies on risks and internal controls.

As part of Management's efforts in promoting a "risk-aware" culture, risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle conducted at the beginning of each financial year. Having identified the risks arising from strategic business objectives, each business unit is required to document the mitigating actions to manage the risk. New areas are introduced for assessment as the business risk profile changes. Information such as types of risks, controls and processes for managing risks is subsequently summarised in a risk heat map, which is reviewed by Management, Internal Audit and the ARC.

Management also conducts risk management training to promote risk awareness within the Group. Management is responsible for day-to-day monitoring of these risks and highlighting significant events arising thereon to the Board via the CRO.

Annual Review of Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board with the assistance of the ARC has conducted an assessment of the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and information technology controls. The assessment considered 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.

Annual Review of Adequacy and Effectiveness of Risk Management and Internal Control Systems (cont'd)

The Board's 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 includes:

- the changes to the business strategy and accompanying changes to the risk profile, risk appetite and tolerance limits;
- the changes to the Board authority and authorisation responsibilities delegated to Management in respect of the changes to the key business strategies;
- the policies and authorisation responsibilities of the Company;
- the adequacy and effectiveness of risk management activities to address the pertinent risks;
- 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
- 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 for managing them.

The Board has obtained assurance from the CEO and the CFO:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances;

(b) that the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) are adequate, robust and effective in addressing the material risks in the Group in its current business environment; and

(c) that there has been full conformance with the risk governance activities and responsibilities stated in the Company's Risk Governance and Internal Control Manual.

Opinion on Adequacy of the Group's Internal Controls

Based on the internal control and established risk governance practices, reviews conducted by Management and various Board Committees, work performed by internal and external auditors as well as assurance from the CEO and the CFO, the Board with the concurrence of the ARC is of the opinion that the Company's internal controls addressing financial, operational, compliance and information technology controls, and the risk management systems are adequate and effective as at 31 March 2017.

Audit and Risk Committee

Principle12: Establishment of Audit Committee with written terms of reference

The ARC currently comprises the following three Independent and Non-Executive Directors:

Mr Lim Jiew Keng (Chairman)
Mr Allan Choy Kam Wing (Member)
Mr Goh Boon Seong (Member)

The ARC is responsible for assisting the Board in discharging its statutory and other responsibilities relating to internal control, risk management, regulatory compliance, financial and accounting matters.

The Board is of the view that all members of the ARC are appropriately qualified to discharge their responsibilities. The ARC Chairman has strong financial management background and experience while the other committee members possess extensive experience and knowledge relating to manufacturing, marketing and distribution.

During the year, the external auditors have conducted briefings and the Company Secretaries also provided the relevant updates to the ARC, where applicable, on the changes to the Financial Reporting Standards, Companies Act, Cap. 50, the Code, SGX-ST Listing Rules and any other relevant rules and regulations which require the attention of the ARC.

Roles and Responsibilities of the ARC in Respect of Audit and Internal Control

The ARC has a formal Terms of Reference endorsed by the Board setting out their roles and responsibilities. The Board delegates the authority to the ARC, which has full and unrestricted access to, and the cooperation of Management, to investigate any matters within its Terms of Reference.

The ARC also has the full discretion to invite any Director or senior management personnel of the Group to attend the ARC meetings. The ARC has adequate resources to enable it to discharge its functions properly.

The ARC met four times during the financial year. Its roles and responsibilities, as set out in the Terms of Reference, include:

(a) reviewing with the external auditors, the audit plan, including the nature and scope of the audit before the audit commences, their evaluation of the system of internal accounting controls, their audit report, their management letter and Management's response;

(b) ensuring co-ordination where more than one audit firm is involved;

(c) reviewing the quarterly, interim and annual financial statements before submission to the Board for approval, focusing in particular, on:

  (i) changes in accounting policies and practices;

  (ii) major risk areas;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern statement;

  (v) compliance with accounting standard; and

  (vi) compliance with stock exchange and statutory/regulatory requirements;

(d) discussing problems and concerns, if any, arising from the quarterly, interim and final audits, and any matters which the external auditors may wish to discuss with the internal auditors without the presence of Management where necessary;

(e) reviewing the assistance given by Management to the external auditors;

(f) reviewing the scope and results of the audit and its cost effectiveness, and the independence of the external auditors annually;

(g) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcement relating to the Company's financial performance;

(h) reviewing the adequacy of the Company's internal controls, i.e. the financial , operational, compliance and information technology controls established by Management (collectively "internal controls");

(i) reviewing annually the effectiveness of the Company's internal controls;

(j) reviewing the adequacy of the risk governance and risk management initiatives taken to support the achievement of the business strategies and the adequacy of the internal control and risk management framework to manage and mitigate the relevant risks;

(k) reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

(l) reviewing the internal audit program and ensuring co-ordination between the internal and external auditors and Management;

(m) reviewing the adequacy of the resource of the internal audit function and having the appropriate standing within the Company; reviewing the effectiveness of the Company's internal audit function based on its scope and results of the internal audit procedure;

(n) reviewing and discussing with the external auditors, any suspected fraud or irregularity, or suspect infringement of any Singapore Law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;

Roles and Responsibilities of the ARC in Respect of Audit and Internal Control (cont'd)

(o) investigating any matter within its Terms of Reference, having full access to and co-operation by Management and full discretion to invite any Director or senior management personnel to attend its meetings, and reasonable resource to enable it to discharge its functions properly;

(p) reporting to the Board its findings from time to time on matters arising and requiring the attention of the ARC;

(q) reviewing interested person transactions ("IPTs") in cases where Rules 920(1)(b)(vi) or 921(5) of the SGX-ST Listing Manual applies;

(r) undertaking such other reviews and projects as may be requested by the Board;

(s) undertaking such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendment made thereto from time to time;

(t) considering the appointment/re-appointment of the external auditors, the audit fee and matters relating to the resignation or dismissal of the auditors;

(u) risk governance and tolerance:

  (i) recommending to the Board the Group's levels of risk appetite and risk tolerance for different categories of risk;

  (ii) reviewing and recommending to the Board for approval the risk strategy and policies for the management of material risks over a longer time horizon;

  (iii) for strategic transactions undertaken by the Company and to be approved by the Board, the ARC shall, upon the request by the Board, advise the Board on risk aspects and implications for the risk tolerance of the Company. The ARC shall have the discretion to take independent advice where necessary;

  (iv) reviewing the risks inherent in the Company's business model and strategy, including risks from external factors;

  (v) monitoring the Company's current material risk exposures and ensuring that these are within the risk tolerance levels approved by the Board; and

  (vi) reviewing the Group's overall risk assessment process that supports informed Board decision making;

(v) risk management system:

  (i) overseeing Management in the design, implementation and monitoring of the risk management and internal control system; and

  (ii) reviewing policies, processes and reports concerning the adequacy and effectiveness of the Group's risk management framework including strategic, operational and information technology risks; and

(w) oversight of material risks:

  (i) reviewing the Group's framework, processes and resources to identify and manage new or emerging risks as a result of changes in country, technological, social or business conditions;

  (ii) monitoring the implementation of the Group's risk mitigation plans;

  (iii) reviewing the robustness of the business contingency planning process within the Group and ensure that material risks are identified and appropriate contingency plans are in place;

  (iv) reviewing the adequacy of the insurance and other risk transfer arrangements; and

  (v) reviewing reports on material risk events and ensuring adequacy of action taken by Management.

Roles and Responsibilities of the ARC in Respect of Audit and Internal Control (cont'd)

The ARC meetings are attended by the EVP, CFO, Director of Internal Audit and the external auditors. Invitation is extended to Management when their attendance is required. The ARC also meets the external and internal auditors separately without the presence of Management, where necessary, to:

- obtain feedback on the competency and adequacy of the finance function;
- enquire into the root causes for any major audit adjustments and internal control issues; and
- inquire on any material weaknesses or control deficiencies over the Group's financial reporting process and the corresponding effect on the financial statements.

The ARC assesses the independence of the external auditors annually and reviews the non-audit services provided by the external auditors. The aggregate fees paid to the external auditors for the financial year ended 31 March 2017 were:

	S$'000
Audit fees	974
Non-audit fees	171
Total fees	1,145

Based on the review of the non-audit services rendered by the external auditors for the financial year ended 31 March 2017 and the related amount of fees, the ARC is satisfied that the independence of the external auditors has not been impaired.

The ARC and the Board are also satisfied that suitable external auditors were appointed for the Company, its Singapore-incorporated subsidiaries as well as its significant foreign-incorporated subsidiaries and associated companies. Accordingly, the Company complies with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST.

The Group is committed to maintaining a high standard of ethics and has zero tolerance for fraud. The Group has a whistle-blowing policy in place which encourages the reporting of matters of fraud, corruption or dishonest and unethical practices. The Group is committed to protecting whistle-blowers and encourages them to identify themselves to facilitate contact and investigation. However, reports lodged in anonymity will also be investigated if the amount concerned is significant and there is reason to believe the reported wrong doing has been perpetrated. The whistle-blowing policy is communicated to all staff and covered during staff trainings.

The Group undertakes to investigate complaints or allegations of fraud and unethical behaviour objectively. The ARC has endorsed the whistle-blowing arrangement for all employees to raise such concerns in confidence. Investigations are conducted by the Internal Audit Department, with the assistance from external professionals where necessary, and investigations results are reported directly to the Chairman of the ARC.

None of the members nor the Chairman of the ARC are former partners or directors of the Group's external audit firm.

Internal Audit

Principle 13: Effective and independent internal audit function

The Group's internal audit function is performed by an in-house Internal Audit Department ("IAD"). The IAD is independent of Management and is headed by the Director of Internal Audit.

The appointment, assessment and compensation of the Director of Internal Audit, who has a direct and primary reporting line to the ARC Chairman, is approved by the ARC. The IAD assists the Board in monitoring the adequacy and effectiveness of internal controls and risk management activities of the Group through the reviews of business and financial operations performed Group-wide according to an approved annual internal audit plan.

The IAD comprises five qualified professional staff who undergo regular training and skills development programs to ensure that high technical and professional standards are maintained. The Head of IAD reports to the ARC on the nature and frequency of training and seminars attended by the IAD team.

The IAD adopts the International Standards for the Professional Practice of Internal Auditing ("IPPF") laid down by the Institute of Internal Auditors. The attribute and performance standards of the IPPF are applied throughout the work that the IAD performs.

The Charter of the IAD ensures full and unrestricted access to all documents, records, assets and personnel of the Group.

Internal Audit (cont'd)

During the year, the IAD considered the following components of internal control:

(a) Control Environment: The nature of the Group's Control Environment has a pervasive effect on the IAD's assessment of risks. The IAD assessed the design of the Control Environment to determine the strength of the foundation for all other components of internal control and made appropriate recommendations for improvement. The IAD has considered the following elements (which have a pervasive effect) and how they have been incorporated into the Group's processes:

- Communication and enforcement of integrity and ethical values
- Commitment to competence
- Participation by those charged with governance
- Management's philosophy and operating style
- Organisational structure
- Assignment of authority and responsibility
- Human resource policies and practices

(b) Risk Assessment: The IAD reviewed the risk assessment performed by Management in relation to the internal control of various operations of the Group, including their impact and likelihood. The relevant risks were thereafter considered in the internal audit scope and annual internal audit plan.

(c) Control Activities, Information and Communication: The IAD evaluated the effectiveness and adequacy of processes, in particular, the adequacy of internal controls over authorization, information processing, physical controls, segregation of duties and performance reviews.

(d) Monitoring Activities: The IAD evaluated the appropriateness of the monitoring activities over internal control, specifically considering monitoring activities pertinent to the Group's processes, people and systems.

The ARC approves the annual internal audit plan and budget. The ARC also ensures IAD has sufficient resources to discharge its function. The annual internal audit plan and scope covers the operational and financial functions within the Group. Associates and joint ventures are subject to internal audit review regularly.

During the year, the IAD conducted its audit reviews in accordance with the approved annual internal audit plan. The IAD reports its findings and recommendations on a quarterly basis to the ARC where Management would respond on the action plan. The IAD also updates the ARC with actions taken by Management to address prior findings reported to the ARC. The ARC reviews, at least annually, the adequacy and effectiveness of the internal audit function.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders

The Company is committed to providing shareholders with adequate and timely information which could have a material impact on the share price or value.

Shareholders are invited to attend all general meetings which include the Annual General Meeting ("AGM") and any Extraordinary General Meetings. All notices of general meetings, including notice of the AGM, containing information on and the effect of the proposed resolutions, are also advertised in newspapers. All shareholders are provided a copy of the annual report together with the notice for the AGM. These meetings are held at a convenient location in Singapore and shareholders are accorded the opportunity to raise relevant questions and to communicate their views at the meetings. Resolutions are passed through a process of voting by way of poll and shareholders are entitled to vote in accordance with established voting rules and procedures.

The Company's Constitution allows a shareholder of the Company to appoint not more than two proxies to attend and vote in his/her stead at all general meetings via proxy forms submitted in advance (i.e. not less than forty-eight hours before the time appointed for holding the general meetings). The proxy form is sent together with the notice of general meetings. The Company also allows corporations which provide nominee or custodial services to appoint more than two proxies, so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

The Code encourages the avoidance of selective disclosure to certain groups of individuals or companies. Accordingly, the Company does not practise selective disclosure. The Company also believes it is important to maintain a high standard of public disclosure. Therefore, the Company is committed to disseminate material information to make sure that it is made public on a timely and non-selective basis. Announcement of results and price sensitive information are released via SGXNET within the mandatory period and are also available on the Company's website, www.gpbatteries.com.sg.

The Company maintains a line of communication with shareholders through its website, www.gpbatteries.com.sg and the Company also encourages correspondence through its website or corporate mailing address.

The Company is open to meetings with investors and analysts. If necessary, the Company will take the steps to solicit views from the shareholders through analyst briefings and meetings with investors. In conducting such meetings, the Company will be mindful of the need to ensure fair disclosure.

Principle 16: Conduct of Shareholder Meetings

The Company encourages participation of shareholders at the general meetings through open question and answer sessions. Members of the Board, Chairman of the ARC, the NC and the RC are present at these meetings and are available to address any queries or concerns raised by shareholders. The external auditors will also be available to assist the Directors in addressing any queries from the shareholders in relation to the audit and the audited financial reports.

Each resolution item is included in the notice of the meeting and accompanied by an explanation where applicable. Separate resolutions are proposed for substantially separate issues at the meeting.

All resolutions are voted by way of poll and the Company announces the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Shareholders are informed of the voting procedures before voting commences.

The Company Secretaries prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting as well as the responses from the Board. These minutes are available to shareholders upon their request.

Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency, and/or dividend payout will depend on the Company's financial performance and position, project capital expenditure, future investment plans and any other factors that the Directors consider relevant.

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST and save as disclosed under the section on IPTs below, the Company confirms that there were no material contracts entered into by the Company and its subsidiary companies involving the interests of the CEO, Directors or 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.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested person 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 the Listing Manual of the SGX-ST in respect of IPTs for the financial year ended 31 March 2017 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$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	2017 S$'000	2016 S$'000
Gold Peak Industries (Holdings) Limited & its subsidiaries		
Rental deposits	**–**	671
Rental & other expenses	**–**	3,125
Rental income	**–**	(17)
GP Industries Limited		
Rental & other expenses	**222**	224
Sales	**–**	(110)
Product design service fee	**129**	130
Rental & property maintenance income	**(179)**	(102)

The Company does not have a mandate on IPTs.

DEALINGS IN SECURITIES

The Group has adopted a Code of Best Practices Guide on Securities Transactions by Officers of the Company (the "Code of Best Practices").

Directors and officers are prohibited from dealing in the Company's securities whilst in possession of unpublished price sensitive information and for the period of two weeks before the announcement of the Company's first three quarters' results, and one month before the announcement of the Company's full year results.

Directors and officers are also not expected to deal in the Company's securities on short-term considerations.

The Company has complied with its Code of Best Practices.

STATISTICS OF SHAREHOLDINGS

As at 16 June 2017

Class of equity securities	:	Ordinary Shares
Number of issued shares	:	164,806,752
Number of issued shares excluding treasury shares and subsidiary holdings	:	158,116,552
Voting rights	:	One vote per share

TREASURY SHARES AND SUBSIDIARY HOLDINGS

Number of treasury shares	:	6,690,200
Number of subsidiary holdings	:	–
Percentage of treasury shares against the total number of issued shares excluding treasury shares and subsidiary holdings	:	4.23%

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares (excluding treasury shares)	%
1 - 99	87	4.47	3,736	0.00
100 - 1,000	458	23.52	285,618	0.18
1,001 - 10,000	868	44.58	4,346,619	2.75
10,001 - 1,000,000	523	26.86	30,672,590	19.40
1,000,001 and above	11	0.57	122,807,989	77.67
Total	**1,947**	**100.00**	**158,116,552**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
GP Industries Limited	102,580,044	64.88	–	–
Gold Peak Industries (Holdings) Limited [1]	–	–	102,580,044 [1]	64.88
Victor Lo Chung Wing [2]	300,000	0.19	102,580,044 [2]	64.88

Notes:

1. *Gold Peak Industries (Holdings) Limited's ("**Gold Peak**") deemed interest in approximately 64.88% of the issued shares of the Company arises pursuant to Gold Peak's direct interest in the issued shares of GP Industries Limited ("**GP Industries**") of approximately 85.47% and GP Industries' direct interest in the issued shares of the Company of approximately 64.88%.*

2. *Mr Victor Lo Chung Wing's deemed interest in approximately 64.88% of the issued shares of the Company arises pursuant to his aggregate direct and deemed interests in the shares of Gold Peak of approximately 21.66%, Gold Peak's direct interest in the issued shares of GP Industries of approximately 85.47% and GP Industries' direct interest in the issued shares of the Company of approximately 64.88%.*

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	GP Industries Limited	102,580,044	64.88
2.	DBS Nominees (Private) Limited	4,672,200	2.95
3.	Pui Cheng Wui	3,458,100	2.19
4.	Citibank Nominees Singapore Pte Ltd	2,450,341	1.55
5.	Maybank Kim Eng Securities Pte. Ltd.	2,111,000	1.34
6.	Lam Yen Yong	1,487,000	0.94
7.	UOB Kay Hian Private Limited	1,401,796	0.89
8.	Phillip Securities Pte Ltd	1,327,800	0.84
9.	Choo Piang Wong	1,119,000	0.71
10.	Wirtz Jochen	1,110,324	0.70
11.	United Overseas Bank Nominees (Private) Limited	1,090,384	0.69
12.	Raffles Nominees (Pte) Limited	941,800	0.60
13.	OCBC Nominees Singapore Private Limited	800,900	0.51
14.	Lim Siew Yin	770,000	0.49
15.	HSBC (Singapore) Nominees Pte Ltd	741,582	0.47
16.	McCallum John Charles	732,000	0.46
17.	Ang Eong Nam	660,000	0.42
18	Ng Shek Yam	641,000	0.41
19.	Hui Wing Sun	615,028	0.39
20.	Woo Koon Chee	544,600	0.34
	Total	**129,254,899**	**81.77**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 16 June 2017, approximately 34.4% of the Company's shares 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.

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