

Creating Value Through Innovation

ANNUAL REPORT 2021

CONTENTS

> Strategic Report	
Company Profile	01
Our Growth Journey	03
What We Do	04
Chairman's Message	06
Corporate Structure	08
Financial Highlights	09
Board Of Directors	10
Key Management	12
Brand Listings	13
Community Events	14
<hr/>	
> Sustainability Report	
Sustainability Report	15
<hr/>	
> Financial Contents	
Financial Contents	29

VISION

To become Asia's premium brand name, leading the fashion in tech-savvy products and services.

MISSION

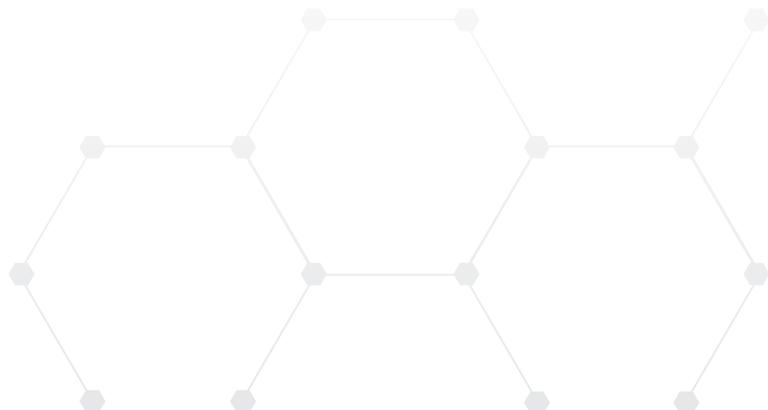
To lead, create and shape the trend of tech-savvy products by presenting quality, innovative, user-focused products and services through a perfect blend of Chinese Philosophy and Western Management.

To grow and nurture our people.

To operate in a socially and environmentally responsible manner whilst maintaining economic growth.

CORE VALUES

As an ancient saying goes; without honesty and good faith, a man cannot make his stand; a government cannot command power; a business operation cannot prosper. In the eyes of Confucianism, 诚信, honesty is the principle of conducting self and sets the fundamentals of all business operations. At Ban Leong Technologies Ltd., we uphold to this virtue in everything we do and this is also the very same core values that support our company mission and vision.



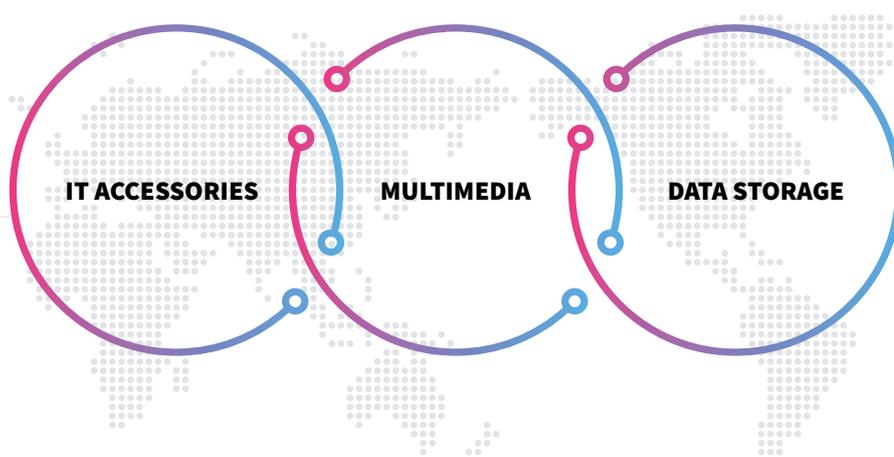
COMPANY PROFILE

Ban Leong is a brand name in the technology products distribution industry for 28 years. From a traditional IT products distributor, Ban Leong Technologies Limited has successfully transformed into a new generation technology-driven specialist distributor under the leadership of our Managing Director, Ronald Teng, who spearheaded the transformation since it was incorporated in 1993.

Leveraging on our 28-year brand history, we successfully re-positioned and strengthened our brand as a name synonymous with innovative, fashionable and user-focused tech-savvy products through regular marketing activities.

Ban Leong Technologies Limited has been listed on the SGX Main Board since 23 June 2005 and distributes a diverse range of IT accessories, multimedia and data storage products. Multimedia products primarily consist of audio and visual products ranging from earphones, speakers and cameras to commercial and consumer displays. IT accessories includes consumer IT products such as computer systems, components, peripherals, printers and mobile products from wearables, accessories and powerpacks. New categories includes smart home solutions and robotics. Data storage products consists of portable and cloud drives, HDD enclosures, Blu-Ray and portable DVD-RW.

DIVERSE PRODUCT RANGE



Think It. Master It.

Winner of the iF DESIGN AWARD and RED DOT AWARD, Logitech MX Keys is the first ever MX keyboard – designed for creatives and engineered for coders.

The MX Keys is Logitech's most advanced typing experience yet. Combining crafted keys with smart illumination and a remarkably solid build, master every keystroke with precision and performance.

COMPANY PROFILE

PRODUCT FEATURE



Brand



Model

DEEBOT OZMO T9



The Best Just Got Better.

With more than 20 years of work in smart home robotics, Ecovacs is at the forefront of innovation in smart home robotics, exploring new ways for robots to transform homeowners' lives.

The Ecovacs DEEBOT OZMO T9 is the first intelligent 9-in-1 obstacle avoidance robotic vacuum cleaner that combines powerful vacuuming and mopping functions with a built-in mobile air freshener. The upgraded DEEBOT T9 with these cutting-edge features is more powerful and smarter than ever before.

We also constantly focus on identifying innovative IT products in both commercial and consumer segments to enhance and expand our range of products. Over the years, we have gathered the brands of AVLABS and eGear under our wings and developed them as our inhouse brands, focusing on specific range of products.

Till date, we have authorized distributorships for over 50 brand names and numerous product types. This allows endless bundling possibilities of different products to cater to our customers' varied needs.

With an experienced management team and established product department, we are able to identify and establish strong relationships with our vendors who have a track record of developing innovative products.

We distribute our products through three channels, e-commerce via online retailer, brick and mortar retailers and chain stores; and directly to corporate resellers and system integrators. To complement our distribution services, we provide after-sales support services and offer out-of-box replacement warranty to our customers. With fully operational service centers in the countries we are present in, our service team provides technical support as well as repair services for certain brands. By going the extra mile to serve our customers, we have established our name as a "reliable and trustworthy" partner.

Today, we are based in Singapore and have regional offices in Malaysia and Thailand.

DISTRIBUTION CHANNELS



OUR GROWTH JOURNEY



WHAT WE DO

PRODUCT FEATURE



Brand

SAMSUNG



Model

SAMSUNG SMART MONITOR

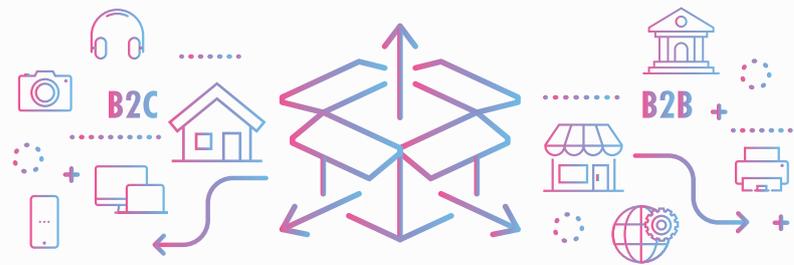


The world's first do-it-all screen.

Versatile and affordable, the Samsung Smart Monitor is a 'do-it-all' screen that offers flexibility for work, learning and entertainment at home. The sleek Samsung smart monitor has a three-side borderless display stretching from edge to edge for maximum viewing and a minimalist aesthetic.

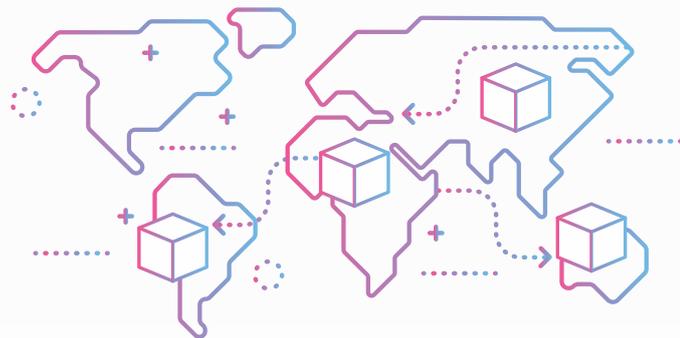
Designed to meet the new needs of today's consumers, Samsung Smart Monitor incorporates powerful mobile and PC connectivity, remote home office and learning features as well as Smart Hub, a comprehensive entertainment hub, similar to Samsung's built-in Smart TV platform.

IT Distribution



With close to 3 Decades in the IT distribution business - we curate, procure and distribute a wide range of tech products across the region. Business-to-Consumer: Our B2C team covers customers across IT retail channels, e-commerce platforms and direct end-users. With the expansion of our product portfolio, we have also penetrated Mobile and Consumer Electronics divisions in the retail market. Business-to-Business: We service over 1,350 System Integrators with coverage across Government, Hospitality, Education and Telco sectors amongst others.

Logistics



With an integrated inventory management system as well as warehouse storage facilities and our fleet of delivery vehicles, we provide end-to-end logistic solutions for our vendors and customers. Our shipping department also manages inbound and outbound shipments from our network of vendors around the world.

WHAT WE DO

Tech Support



Leveraging on our expertise and knowledge on IT products, we offer aftersales services in terms of repairs and replacement according to warranties offered by manufacturers. Our technical support team operates hotlines and walk-in service centers at our office locations regionally to fulfil product support queries.

Product Marketing



Going beyond traditional distribution models of “boxmoving” services. Our marketing and product teams are key drivers in delivering vendor objectives and managing brand portfolios in-country. With a focus on demand generation, we actively seek opportunities in brand building and in-country marketing, covering multi-channel approach in events, PR, channel marketing, digital marketing and social media.

PRODUCT FEATURE



Brand



Model

STUDIO



Sound Incredible and Look Even Better.

Poly is a global communications company that powers meaningful human connection and collaboration. The Poly Studio P Series is the industry’s first professional-grade personal video conferencing equipment, designed to up the game of today’s remote worker.

Featuring high-performance cameras that compensate for lighting imbalances and premium audio that eliminates distractions, the Poly Studio P Series is designed to match work styles for any type of user.

CHAIRMAN'S MESSAGE

The pandemic had created many uncertainties but at the same time, had created many opportunities for companies like us. For a few years, the convergence of IT, telecommunication and consumer electronics will likely be the future scenario of electrical and electronic products.

PROFITS BEFORE TAX

\$8.73
MILLION

Dear Shareholders,

I am pleased to present to our shareholders the annual report for the financial year ended 31 March 2021. The financial year started with the lockdown in Singapore, where our main source of revenue is generated. The pandemic throughout the financial year had created many challenges, and major changes were made to how operations of businesses should be conducted in such situations. The work from home policy had directly created demand for many IT and multimedia products. Some schools also encouraged on-line learning. There were changes in consumer habits. All these had a direct impact on the increase in demand of IT products.

These disruptions in the business norms and other changes have contributed to the demand of the products that we distribute. At the same time, we are also able to bring in additional products that fed the demand of gaming and other IT peripherals. These had contributed to the increase in revenue in all the geographical markets that we operate in, and I am pleased that with the increase in revenue from S\$150.2mil in FY2020 to S\$182.7mil in FY2021, we are able to increase our shareholders' values and our profit before taxation increased from S\$3.6mil in FY2020 to S\$8.7mil in FY2021. This increase in pre-tax profit of 139.8% year on year was the result of the teamwork of all the staff, with the support from our suppliers and customers. Prudent cashflow management allowed us to increase our cash position to S\$20.7mil as at 31 March 2021.

Our operations in Singapore achieved a revenue increase of 15.1%. For Malaysia, the increase in revenue was 87.7% and in Thailand, 4.3%. All entities recorded gross profit increase and generated positive operating cashflow. We intend to continue with our prudent practice in managing our inventories and cashflow.

With the increase in profits, the Board is recommending a higher dividend payout of S\$0.025 per share.

The pandemic had created many uncertainties but at the same time, had created many opportunities for companies like us. For the next few years, the convergence of IT, telecommunication and consumer electronics will likely be the future scenario of electrical and electronic products. The pandemic probably sped up the process as well.

Demand for advanced technology products are expected to increase, as the younger generation that embraced such products much quicker are observed to spend more on tech-savvy and cool IT products.

While this is an opportunity, it is also a challenge that our company would need to overcome as changes in technology products will be fast and furious. We will need to stay ahead by ensuring that we will be the leading distributor in bringing the most tech-savvy products to our customers. Some of the products that have evolved over these few years include robotics vacuum cleaner, connected smart cutting machine for personalization, wi-fi mesh and ANC true wireless earbuds. These products are well received by consumer with good positive reviews.

With ongoing evaluations of the products that we deal in, we are able to achieve our targeted gross profit margins and fulfilling the needs of the consumers.

In order to maintain our competitiveness, our staff attend regular trainings and receive updates on the latest technological advances. We require them to equip themselves with the relevant skills to embrace these changes. We work closely with our principals and with the on-going product trainings and updates, our staff and our Group companies are able to best represent the products of these suppliers. With the training as well as their keen interests in gadgets and IT products, we can foster a healthy and longer term relationship with our key suppliers. For some of the suppliers, we also provide after sales service in maintenance, repair and exchange. For the Group companies to continue to grow, we will need to be able to identify the best value tech products to the increasingly demanding customers.

During the financial year, there was an increase in business activities in internet purchases. The online platform continued to register growth, though modestly by percentage. We will need to balance the needs of our key partners in distribution and retail, and continue to support our key distribution channels and partners. While the younger generation may be more acceptable to purchasing online, Singapore may present also a different business scenario with online purchases due to the geographical size and the convenience in transport.

CHAIRMAN'S MESSAGE

The expenditure within most households on electronic and gaming gadgets probably increased, and this could be due to the pandemic that most of us are unable to travel abroad and more time were spent at home or in the office. This has probably contributed to the increase in our sales of gaming products and computer peripherals. Other than this reason, the gaming and esports industry had been expected to grow over time, and the current situation likely speed up the growth of the internet gaming industry. Gaming products generally derive higher margins as these are considered as IT "luxuries" which consumers are willing to spend more on such "cool" devices and gadgets. With more companies developing gaming products, as well as the demand in the regional markets, we hope to be able to seize the right opportunities when they arise.

The global pandemic affected all work processes and practices. While these disruptions had benefited us in increasing the demand for the products that we distribute, there were also reports of expected chip shortages. The cautious approach taken by management had yielded positive results, and we will need to continue to be prudent in managing our cashflows and inventories and receivables. We should also be mindful that the logistics supply chain for IT products must operate smoothly globally, as any drastic disruptions may have an impact on our suppliers and hence, our operations.

The disruptions caused by the pandemic had brought opportunities to the Group. I do hope that the pandemic situation can improve over the next few months, and businesses are able to operate in the new norm. For the coming financial year, we hope to grow our sales in the commercial segments, especially to companies that deal with major IT projects. At the same time, we would like to explore business opportunities in the region, including China and Hong Kong.

DIVIDENDS

In appreciation of the continuous support from our shareholders, I am pleased that the Board has recommended a final dividend payout of S\$0.025 per share for this FY2021, an increase of 100% vs FY2020 payout of S\$0.0125 per share. This will be the 19th consecutive year of paying dividends to our shareholders since our listing in 2005 and also a reflection of the Company and Board's views to share the success of the Company with all shareholders.

The cumulative dividends payout would be S\$0.212 from 2005. The total dividend payout this financial year represents a yield of 6.5% based on the share price of S\$0.385.

CORPORATE SOCIAL RESPONSIBILITY

We intend to continue with our commitment to give back to society and contribute to our local communities. In FY2021, due to the COVID-19 situation, we had to make adjustments to ensure that activities conducted are in line with the government guidelines to ensure the well-being of the beneficiaries and our volunteers. As such, these activities were reduced and we are hopeful that with more vaccinations conducted currently, we will be able to increase our corporate social responsibility commitments.

➤ Please refer to our community section on this in page 14.

SUSTAINABILITY REPORT

Most of the products that we distribute are electronic products and in this FY, there are initiatives and regulations that such products must be recycled responsibly. From 1 July 2021, it would be a requirement that we are able to fulfil our commitments under the Extended Producer Responsibility scheme.

We will play our part and ensure that we are able to contribute to the sustainability efforts in recycling the products that we distribute.

➤ Please refer to our section on this in pages 15 to 28.

APPRECIATION

FY2021 had been a very good year for Ban Leong and on behalf of our Board of Directors, I would like to extend my appreciation to all our stakeholders in your unwavering support to Ban Leong all these years.

Many thanks to our bankers, our principals and suppliers, and our customers for your generous support.

To the dedicated Ban Leong team: Thank you.

PRODUCT FEATURE



Brand



Model

VIGI



Security Never Shuts Down.

TP-Link is the world-leading provider of reliable networking devices and accessories, constantly developing security products and technologies to meet the security needs of any small or medium business.

VIGI by TP-Link features products that provide professional grade surveillance to small business owners at an affordable price point. Backed by TP-Link's product-centric and high-quality manufacturing standards, VIGI delivers secure, stable, and professional solutions for today's business owners, wherever they are.

CORPORATE STRUCTURE



Ban Leong Technologies Sdn Bhd 100%

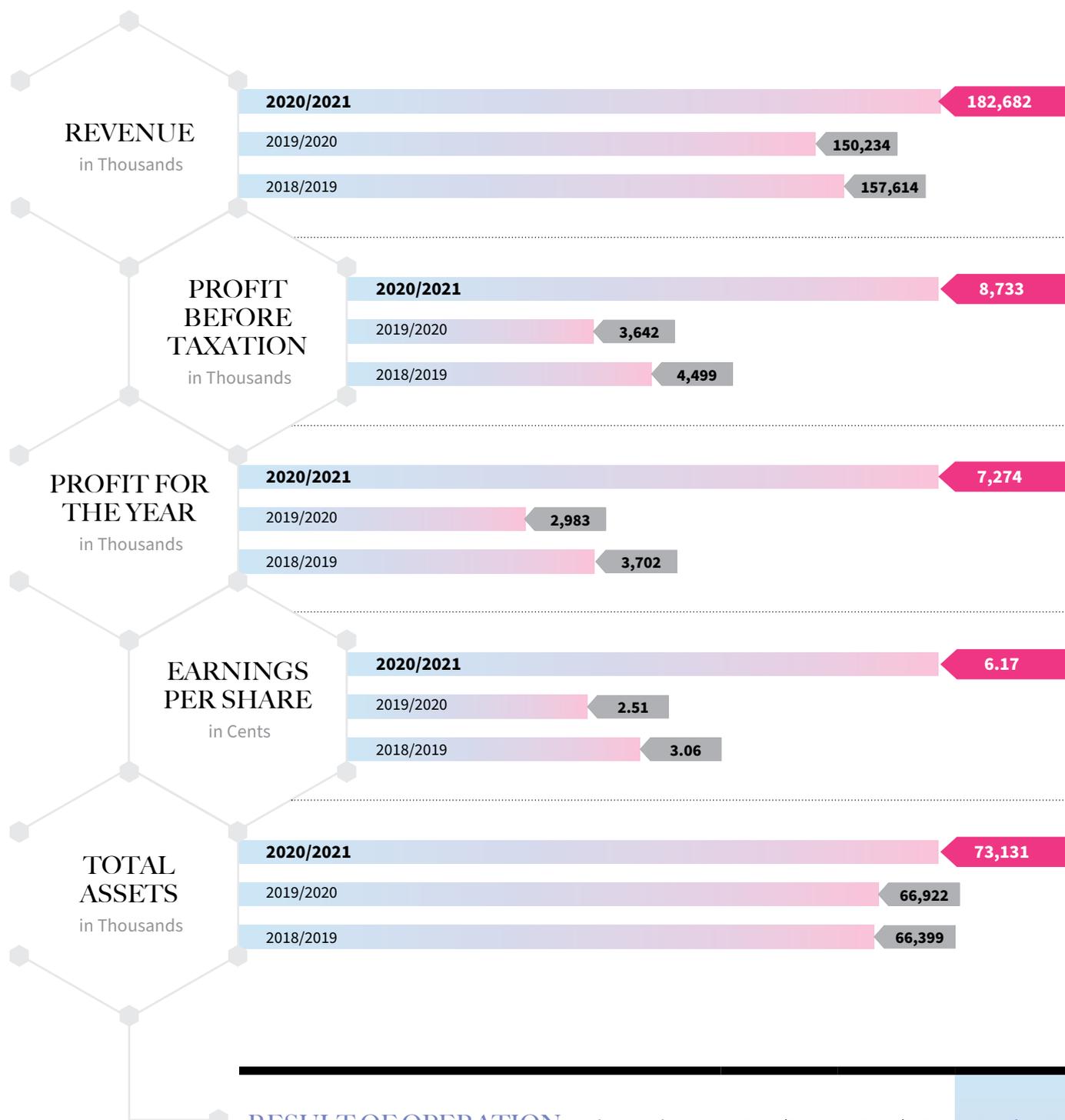
Ban Leong Chin Inter Co., Ltd 60%

BLC (China) Limited 100%

100% Digital Hub Pte Ltd

100% AV Labs International Pte Ltd

FINANCIAL HIGHLIGHTS



RESULT OF OPERATION In Thousands	2018/2019	2019/2020	2020/2021
Revenue	157,614	150,234	182,682
Profit Before Taxation	4,499	3,642	8,733
Profit for the Year	3,702	2,983	7,274
Earnings Per Share (Cents)	3.06	2.51	6.17
Net Assets	32,079	33,881	39,430
Total Assets	66,399	66,922	73,131

BOARD OF DIRECTORS



RONALD TENG WOO BOON

Managing Director

Mr Ronald Teng Woo Boon is our Managing Director and was appointed as a Director of our Company on 18 June 1993. He is the founder of our Group and plays an important role in managing the overall business operations and profitability of our Group. His responsibilities include formulating and executing our Group's business strategies and policies as well as charting the growth of our Group. He also spearheads the sales and marketing function of our Group. In 2004, he received the Rotary ASME Top Entrepreneur Of Year 2004 award presented by the Association of Small and Medium Enterprises (Singapore). He graduated from the National University of Singapore in 1993 with a Bachelor of Science degree in Computer and Information Science.



LOH YIH

Lead Independent Director

Loh Yih is the Lead Independent Director of our Company. He was appointed as an Independent Director of our Company on 12 May 2005. Mr Loh is also the managing director of Acesian Partners Limited, one of the Catalist listed companies in Singapore Exchange Securities Trading Limited ("SGX-ST"). He was an independent director of International Press Softcom Ltd (which was delisted from SGX-ST Catalist Board in Singapore following the completion of the compulsory acquisition). Mr Loh completed his directorship term in June 2018 with Weichai Power Co. Ltd ("Weichai") (a company listed on Hong Kong Exchange and Shenzhen Stock Exchange) but was subsequently appointed by the State Owned Assets Supervision and Administration Commission of Shandong Provincial Government, China (SASAC), as a foreign director of Shandong Heavy Industry Group (which is the parent company of Weichai) in September 2018. Mr Loh has been the managing partner of MGF Capital Group since 19 July 2006. From January 2005 to July 2006, he was the managing director of Netplus Communications Pte Ltd, an internet service provider. Between 2001 and 2004, he was involved in managing his personal private equity investment. From 1998 to 2000, he managed an independent institutional marketing team in OSK Securities Berhad in Malaysia. Between 1995 and 1998, he headed the equities department of West Merchant Bank. Prior to that, he was a senior manager of the capital market department at Standard Chartered Merchant Bank where he managed equities trading and emerging market bonds investments. Mr Loh graduated with a Bachelor of Accountancy (Honours) degree from National University of Singapore in 1988.

BOARD OF DIRECTORS



NEO GIM KIONG Independent Director

Neo Gim Kiong was re-designated as our independent director on 15 June 2015. He was in charge of our listing on SGX-Mainboard and assisted the Group in our strategic planning and business expansion plans. Mr Neo is the chief executive officer of Sen Yue Holdings Ltd, a company listed on SGX-Catalist formerly known as PNE Micron Holdings Ltd, where he is responsible for the strategic growth of the company. He is also the founding director of Dollar Tree Inc Pte Ltd, a business advisory firm incorporated in Singapore in 2004. Mr Neo is an independent director at Acesian Partners Ltd, which is listed on the SGX-Catalist. He holds a Bachelor of Science Degree in Mathematics with Honours from the National University of Singapore.



LO YEW SENG Independent Director

Mr Lo Yew Seng was re-designated from Non-Independent Non-Executive Director to our Independent Director of the company on 15 July 2020. He was also the independent director of Jackspeed Corporation Ltd, a company listed on the SGX mainboard from July 2010 to 2017. Mr Lo is the founder and director of Capella Capital Pte Ltd and Capella Management Pte Ltd, providing venture fund and financial advisory services since 2006. His position encompasses the strategic responsibility of managing the investments of the company as well as sourcing for further opportunities. Prior to founding the Capella group, Mr Lo was employed by a Swedish listed multi-national company, AXIS Communications in 1996. He was then appointed the Asia Pacific sales and marketing director where he stayed on for 9 years. He has concurrently held the company's chief representative position in the China subsidiary located in Shanghai and the director position of the subsidiary/branch in Korea and Taiwan. Mr Lo has a Bachelor's Degree in Arts and Social Sciences from National University of Singapore (NUS), majoring in Economics. He has also attended the General Management Program at NUS Business School.

PRODUCT FEATURE



Brand



Model

BLADE 14



The Ultimate 14" Gaming Laptop.

Razer is the world's leading lifestyle brand for gamers. Their award-winning hardware includes high-performance gaming peripherals and Blade gaming laptops.

After a three-year hiatus, the Razer Blade 14 returns as the world's most powerful 14-inch gaming laptop – powered by the AMD Ryzen 9 5900HX, and running the fastest 14-inch gaming displays, all in the most compact 14-inch gaming chassis.

KEY MANAGEMENT

PRODUCT FEATURE



Brand



Model

**LG GRAM 16.0" LAPTOP
16Z90P-G.AA75A3**



**All This, Light as
Ever.**

Ultra-light, ultra-portable and boasting exceptional performance and long battery life, the LG gram series continue the brand's legacy of go anywhere computing convenience.

Offering more screen real estate than the 16:9 displays found on most laptops, the 16-inch LG gram is able to show more information at any one time. The keyboard and touchpad have also been enlarged for faster, easier typing without compromising on portability.



TAN YOU HONG

Deputy Managing Director

Tan You Hong is our Deputy Managing Director of the Group, who supervises the overall operations of Singapore and Malaysia. Prior to that, he was the Sales Director of the Group. Before joining the Group, he was the country sales manager of Intranet (S) Pte Ltd where he was responsible for overseeing the company's operations. He graduated from the National University of Singapore in 1993 with a Bachelor of Science degree in Computer and Information Science.



KHOO SOO FANG

Group Financial Controller

Khoo Soo Fang is the Financial Controller of our Group, responsible for overseeing and supervising the Finance Department as well as monitoring the performance of our subsidiaries. Prior to joining the Group in 2007, she was the Financial Controller of Jackspeed Corporation Limited, a SGX-ST listed company, from 2001 to 2006. Khoo Soo Fang obtained a Bachelor of Accountancy degree from the Nanyang Technological University and is also a member of the Institute of Singapore Chartered Accountants.

BRAND LISTING



ASUS[®]
IN SEARCH OF INCREDIBLE

ASUSPRO

AVITA

AVLABS



B&O
BANG & OLUFSEN



belkin

beyerdynamic



COSORI

cricut

D-Link




ECOVACS

EDIFIER[®]


fitbit

GIGABYTE[™]

GJS ROBOT



GRIFFIN

hotway[®]

imou



iWALK[®]

j5create



Jaybird



JLAB[®]
AUDIO



KEF[®]



LEADTEK



LG

LINKSYS

Lisscode[®]

logitech



logitech G



MASTER & DYNAMIC

MERCUSYS[®]


MONSTER



msi




NVIDIA



PLT



poly

PowerColor



RAZER[®]

SAMSUNG



ScreenBeam[™]
wireless display



SENSIBO

Targus[™]


Tenda



Thermaltake



THRUSTMASTER[®]



tp-link



TUCANO
TECH&STYLE MILANO



UBTECH
Dream With Robots



ULTIMATE
EARS

VERTAGEAR

withings

COMMUNITY EVENTS

PRODUCT FEATURE



Brand

cricut[®]



Model

CRICUT MAKER



The Original Ultimate Cutting Machine.

Cricut, the leader in smart cutting machines for DIY makers, helps people everywhere live creative lives by providing the tools they need to make beautiful, high-quality DIY projects quickly and easily.

The Cricut Maker is the first consumer cutting machine capable of infinitely-customizable, precision fabric cutting for sewing projects. Cricut Maker features a unique rotary blade for cutting virtually any fabric, and a digital sewing pattern store, known as Design Space, for purchasing patterns that can be sent directly to the machine to cut.

ESSENTIALS DISTRIBUTION WITH BEYOND SOCIAL SERVICES SINGAPORE

June 2020

On 18 and 19 June, volunteers from Ban Leong volunteered with Beyond.org.sg at a groceries distribution activity to 5 HDB blocks in Ang Mo Kio. Under strict safety guidelines due to the Covid-19 situation, we distributed 120 packs of groceries to the beneficiaries over 2 days in small teams.

It has been a successful and a rewarding event that benefitted many elderly, needy, frail and handicapped. Many of us had gained valuable experiences from participating in this project.

MEALS ON WHEELS PROGRAMME 2020

July 2020

In July 2020, Ban Leong collaborated with Touch Community Services (TCS) on the Meals On Wheels program. The Meals On Wheels program caters to the needs of the frail, needy and homebound elderly living in Toa Payoh. Together with TCS, we collected and distributed more than 150 packets of food to the doorsteps of the elderly.

Through this event, the team bonded by serving and giving back to the community in Toa Payoh. They ended the day with empty hands but returned with fuller hearts.

WILLING HEARTS SOUP KITCHEN 2020

November 2020

Between November 2020 to January 2021, we were humbled to be able to do our part for the elderly, disabled and under-privileged. Together with Willing Hearts Soup Kitchen, our teams assisted in food preparation, cooking, packing and cleaning to get meals ready for delivery to the beneficiaries.

In a challenging year for both the volunteers and beneficiaries, we were happy to be able to put our hands and hearts to support them.



SUSTAINABILITY REPORT

1. BOARD STATEMENT

As a technology related company, it is our belief that technology can improve our day to day life and provide better efficiencies in the things we do. At the same time, these efficiencies should translate to better use of the resources around us and help us in our sustainability journey. We strive to be a responsible corporate citizen in wherever we operate in and pledge our full support to sustainability initiatives.

This Sustainability Report (“Report”) is prepared based on the Global Reporting Initiative (“GRI”) Standards: Core option. For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance (“ESG”) and economic performance. The is also aligned with the requirements of the Singapore Exchange (“SGX”) Sustainability Reporting Guide.

The Board having considered sustainability factors as part of its strategic formulation, determines the material ESG factors and oversees the management and monitoring of the material ESG factors. Accordingly, our sustainability strategy continues to focus on growth, profitability, governance, environment, the development of our people and well-being of our communities. These will continue to guide our people, policies and processes to ensure the long-term interests of our stakeholders are met and the performance of Ban Leong Technologies Limited is sustained.

A sustainability policy (“SR Policy”) covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors has been established and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

The global economic environment is expected to be challenging due to the outbreak of Coronavirus disease 2019 (“COVID-19”) which has dampened consumers’ demand in the markets we operate in. To counter the adverse impact of COVID-19, we will intensify our marketing efforts, improve employee development and increase operational efficiency through digitalisation. We will also constantly challenge ourselves to turn risks into opportunities, strive to emerge from this unfortunate event stronger and closer to where we envision ourselves to be.

In view of the employee health and safety during COVID-19 pandemic, we formed a team of Safe Management Officers (SMO) to monitoring the safe management measures at the workplace including safe distancing measures, safe entry and tracetogether, mandatory wearing of mask and temperature taking at entry door for all employees and visitors.

We implemented staggered working hours and split-team arrangement for our frontline and fieldwork operation employees. Other non-essential employees were practising work from home.

In addition, we provided necessary protection equipment such as hand sanitisers, face shield and surgical masks to all the employees to minimise the risk of transmission of virus.

SUSTAINABILITY REPORT

A summary of our sustainability performance in FY2021 is as follows:

S/N	MATERIAL FACTOR	SUSTAINABILITY PERFORMANCE
General disclosure		
1	Total customer satisfaction	93% of the online stores have positive feedback ratings in excess of 80%
Social		
2	Employee retention	62% of all employees and 73% of our managers have more than 3 years of service in our Group
3	Spirit of giving	Initiated various campaigns to help the communities
4	Equality and diversity in the workplace	<ul style="list-style-type: none"> 35% of all employees and 40% of managers are females 57% of all employees are tertiary educated and 43% are non-tertiary educated 41% of all employees are at least 40 years old
5	Commitment to quality and product safety practices	No reported incidents of substandard products resulting in electrical accidents
Environmental		
6	Responsible waste management	We implemented a document management system to facilitate the digitization of our paper documents and reduce the need for physical filing and paper
Economic		
7	Sustainable business performance	<ul style="list-style-type: none"> Reported an increase in revenue and profit mainly due to strong demand to support the work from home and home-based learning needs Declared a tax-exempt dividend of \$0.025 per share
Economic		
8	Robust corporate governance framework	<ul style="list-style-type: none"> Singapore Governance and Transparency Index (“SGTI”) score assessed by National University of Singapore Business School is 70 No serious offence complaints are received via the whistle blowing channel

2. VISION, MISSION AND CORE VALUES

Our path to sustainability is closely aligned with our vision, mission and driven by our core values presented in this Annual Report. We believe our sustainability factors and strategies will bring us to where we envision ourselves to be. Refer to Section 8 for more details on the alignment of our material sustainability factors with our vision, missions and core values.

3. REPORTING FRAMEWORK AND MARKET BENCHMARKING

In preparing this sustainability report, we are guided by the GRI Standards: Core option and published in pursuant to 711A and 711B of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”). We have chosen to report using GRI Standards: Core option as it is an internationally recognised reporting framework.

SUSTAINABILITY REPORT

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015 (“UN Sustainability Agenda”). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (“SDGs”), which form an urgent call for action by all countries - developed and developing - in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

4. REPORTING PERIOD AND SCOPE

This Report is applicable for our financial year from 1 April to 31 March 2021 (“FY2021” or “reporting period”). A sustainability report will be published annually thereafter in accordance with our SR Policy.

This Report covers the key operating entities within the Group which contributed to all of our total revenue for the reporting period (FY2020: 100%).

5. FEEDBACK

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: irexecutive@banleong.com.sg

6. STAKEHOLDER ENGAGEMENT

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, government and regulators, shareholders, suppliers and service providers. Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by our operations.

We actively engage our key stakeholders through the following channels:

S/N	KEY STAKEHOLDER	ENGAGEMENT CHANNEL	FREQUENCY OF ENGAGEMENT	KEY CONCERN RAISED
1	Communities	Community campaigns	Ongoing	<ul style="list-style-type: none"> Social inclusion Environmental protection
2	Customers	<ul style="list-style-type: none"> Service centre Social media 	Daily	<ul style="list-style-type: none"> Product diversity, quality and reliability Customer service
3	Employees	Performance appraisal	Half-yearly	<ul style="list-style-type: none"> Equal employment opportunity Job security Remuneration
		<ul style="list-style-type: none"> Email Face-to-face communication 	Daily	
4	Government and regulators	Consultations and briefing organised by key regulatory bodies	As and when required	Corporate governance
5	Shareholders	<ul style="list-style-type: none"> Group annual report Annual general Meeting 	Annually	<ul style="list-style-type: none"> Sustainable business performance Market valuation Dividend payment Corporate governance
		<ul style="list-style-type: none"> Group result announcements 	Half-yearly	
6	Suppliers and service providers	<ul style="list-style-type: none"> Email Face-to-face communication 	Daily	Demand volatility

SUSTAINABILITY REPORT

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

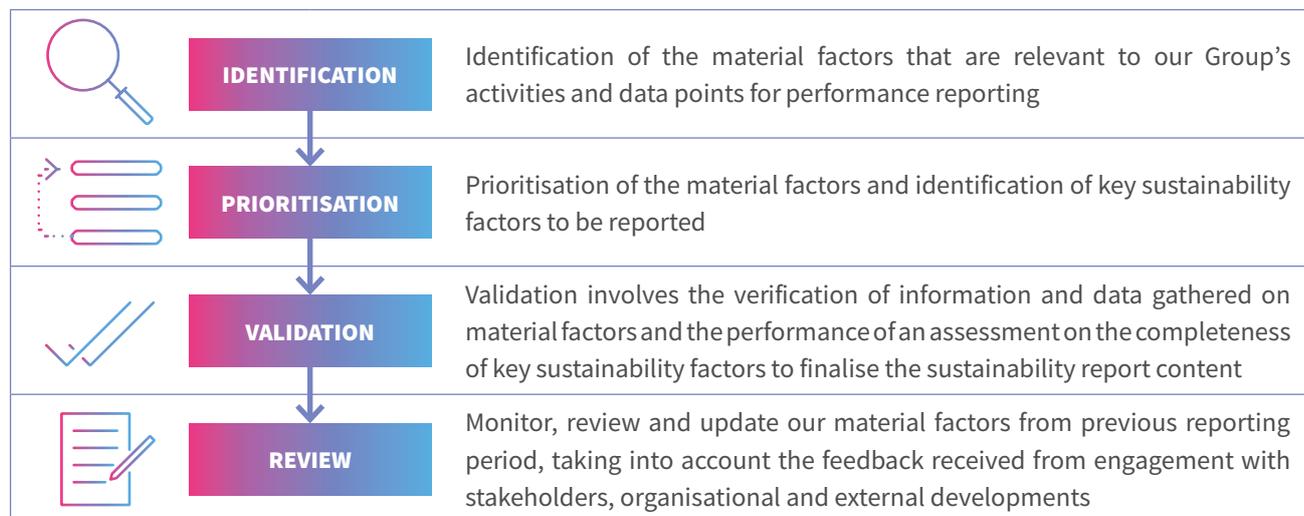
7. POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 Reporting Structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. The Group’s Sustainability Committee, which includes senior management executives, is led by the Group’s Managing Director, and tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

7.2 Sustainability Reporting Processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in this Report. Processes involved are as shown in the chart below:



7.3 Materiality assessment

Under our SR Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

REPORTING PRIORITY	DESCRIPTION	CRITERIA
I	High	Factors with high reporting priority are reported in detail.
II	Medium	Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material.
III	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material.

The reporting priority is supported by a material factor matrix which considers the level of concern to external stakeholders and potential impact on business.

SUSTAINABILITY REPORT

7.4 Performance tracking and reporting

We track the progress of our material factors by identifying the relevant data points, monitoring and measuring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capture systems.

8 MATERIAL FACTORS

Our materiality assessment performed for FY2021 involved the Group's senior management in identifying sustainability factors deemed material to our businesses and our stakeholders so as to allow us to channel our resources judiciously to create sustainable value for our stakeholders.

Presented below are a list of material sustainability factors and material factor matrix applicable to our Group:

S/N	MATERIAL FACTOR 1	MISSION	SDG	REPORTING PRIORITY	KEY STAKEHOLDER
General disclosure					
1	Total customer satisfaction	Present quality, innovative, user-focused products and services	Decent work and economic growth	I	Customer
Social					
2	Employee development and retention	Grow and nurture our people	Quality education	I	Employee
3	Spirit of giving	To operate in a socially responsible manner	-	II	Community
4	Equality and diversity in the workplace	Grow and nurture our people	Reduced inequalities	II	Employee
5	Commitment to quality and product safety practices	Present quality, innovative, user-focused products and services	Peace, justice and strong institutions	I	<ul style="list-style-type: none"> • Customer • Supplier
Environmental					
6	Responsible waste management	To operate in an environmentally responsible manner	Responsible consumption and production	II	Community Shareholder
Economic					
7	Sustainable business performance	Maintain economic growth	Decent work and economic growth	I	Shareholder
Governance					
8	Robust corporate governance framework	Maintain economic growth	Peace, justice and strong institutions	II	Shareholder Regulator

SUSTAINABILITY REPORT

Material factor matrix



We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholder’s feedback and sustainability trends. The details of each material sustainability factor are presented as follows:

8.1 Total Customer Satisfaction

In line with our vision to lead, create and shape the trend of tech-savvy products, we believe that ensuring customer satisfaction is key to achieve this vision and ensure our business sustainability. We sell mainly to retailers and also via e-commerce marketplaces. Our strategies towards customer satisfaction are as follows:

- a. **Offer comprehensive product range that meets market’s needs and demand**
 We offer a wide range of products and creates bundling possibilities of different products to meet customers’ varied needs. Refer to our brand and product listing at our corporate website: <https://banleong.com/BLT/>
- b. **Offer quality and safe products**
 In line with our commitment to provide quality products to our customers, we ensure strict compliance with our quality requirements and relevant safety regulations.

 For our sustainability factor on product safety and consistency in quality, refer to 8.5 for further details.
- c. **Offers competitive pricing**
 With long established relationships with vendors and through bulk purchases, we are able to secure competitive pricing through discounts, rebates or pricing support from vendors which can then be passed on to our customers. Customers are also constantly engaged by our sales teams and management to understand the market price trends in order for us to offer competitive selling prices.
- d. **Proactively gather customer feedback to formulate strategies**
 Customer feedback collected from various touchpoints such as sales teams, service centre and social media are mined to gather valuable insights into current and future customer requirements. Insights gathered are discussed during regular management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies.
- e. **Render good customer service**
 We operate our own service centre with in-house technicians to handle hardware and technical problems as well as provide onsite repairs for certain products. By providing such value-added services to our customers, we have established a reputation as a “reliable and trustworthy” partner.

SUSTAINABILITY REPORT

In line with our business strategy to increase our e-commerce sales, we have increased the number of our online stores at various third-party e-commerce platforms to 61 at the time of this Report (FY2020: 58). For our e-commerce sales, we measure customer satisfaction based on feedback rating provided by customers. For the reporting period, 93% (FY2020: 86%) of the online stores have positive feedback ratings¹ in excess of 80%.

TARGET FOR FY2021	PERFORMANCE IN FY2021	TARGET FOR FY2022
Improve or maintain our customer review rate	93% of the online stores have positive feedback ratings in excess of 80%	Improve or maintain our customer review rate

8.2 Employee Development and Retention

Our core values are abbreviated as **HONEST**, comprising the values of **H**ardworking and humble, **O**ptimistic, **N**ever give up and determined, **E**nergetic and passionate, **S**elf-driven with initiative and **T**eamwork and trustworthy. The continual success of our business pivots on a team of motivated, experienced and qualified staff, driven by the core values to achieve our missions and vision.

Key initiatives taken by us to nurture, grow and motivate our employees are as follows:

a. **Build a strong corporate culture**

We adopt the culture of Chinese philosophy with Western management principles, whereby trust and integrity form the basis of all our business dealings. We also believe corporate culture conveys the core values to our employees and motivates them to work for the good of the Group. Key initiatives to foster strong corporate culture amongst our employees are as follows:

- Senior Management leads by example in business and operations.
- A buddy system is in place to help new employees immerse in and practise the organisation's culture.
- Team building activities such as company trips, staff outings and training courses are organised regularly for employee interaction and bonding.

b. **Establish a quality team**

We encourage continual learning and leadership quality improvements for our employees by offering sponsorships to upgrade their skillsets. A Further Education Sponsorship Program has also been set up in 2017 to groom employees at the managerial levels. The program aims to provide managerial staff with a clear and forward-looking career path to greater responsibilities and better prospects. Under this program, we co-sponsor trainings for managerial staff who meet the criteria. During the reporting period, 63 (FY2020: 43) of our employees are given the opportunity to attend self-improvement courses.

c. **Engage employees constantly**

Employees are engaged regularly via various channels such as the appraisal exercise which allows employees to gain feedback on their career progress. During the reporting period, 100% (FY2020: 100%) of our employees received performance and career development reviews to aid their personal development.

A low turnover improves the sustainability of operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 31 March 2021, approximately 62% (FY2020: 60%) of the employees and 73% (FY2020: 80%) of the managers have more than 3 years of service with the Group.

TARGET FOR FY2021	PERFORMANCE IN FY2021	TARGET FOR FY2022
Improve or maintain employee retention rate	No material changes in employee retention rate between FY2021 and FY2020.	Improve or maintain employee retention rate subject to market conditions

¹ Where provided and available

SUSTAINABILITY REPORT

8.3 Spirit of Giving

In line with our mission to operate in a socially responsible manner, we recognise that long-term success of our business is closely related with the health and prosperity of the communities we operate in. On this front, we participate in various events and you may refer to the community events disclosed on page 14 of this Annual Report for more details. Our continuous efforts in cultivating a spirit of giving have encouraged employees to volunteer in community works which also help in their personal development. During the reporting period in FY2021, due to Covid-19 situation, we had to make adjustments to ensure that activities conducted are in line with government guidelines. As such, these activities were reduced and more than 400 volunteer hours (FY2020: more than 700 volunteer hours) were clocked amongst our employees.

TARGET FOR FY2021	PERFORMANCE IN FY2021	TARGET FOR FY2022
Continue with existing community engagement campaigns	Initiated various campaigns to help the communities	Continue with existing community engagement campaigns

8.4 Equality and Diversity in the Workplace

In line with our mission to grow and nurture our people, we are committed to provide a work environment for employees that fosters fairness, equity and respect for social and cultural diversity.

a. **Gender diversity**

On gender diversity, we view diversity as an important component in supporting sustainable development and the percentage of female to total full-time employees is 35% (FY2020: 35%) and about 40% (FY2020: 32%) of managers are females as at 31 March 2021.

b. **Education background diversity**

On diversity in educational background, we seek to create an inclusive environment for employees from different educational background. As at 31 March 2021, the breakdown of employees by education level is as follows:

EDUCATION QUALIFICATION	31 MARCH 2021	31 MARCH 2020
Tertiary	57%	55%
Non-tertiary	43%	45%
Total	100%	100%

We believe that everyone is talented in his/her own way and we should provide opportunities to people from a diverse educational background to nurture them. To support our belief, we partner with Skillsfuture Singapore, a government agency and institutes of higher learning such as Institute of Technical Education and Polytechnics under the Earn and Learn Programmes and Work-Learn Technical Diploma Programmes to provide opportunities for fresh graduates from these institutes to build work skills and experience by working at our Group.

As at 31 March 2021, the number of employees under these programmes is 4 (FY2020: 8).

c. **Age diversity**

On age diversity, matured workers are valued for their experience knowledge and skills. As at 31 March 2021, 41% (FY2020: 34%) of the workforce is at least 40 years old.

To promote equal opportunity, we established various human resource related processes as follows:

- A wage policy is in place to guide management on assessing employees based on merit and competency
- Staff recruitment advertisements do not state age, race, gender or religion preferences as requirement.

SUSTAINABILITY REPORT

TARGET FOR FY2021	PERFORMANCE IN FY2021	TARGET FOR FY2022
<ul style="list-style-type: none"> Ratio of female against male employees and managers should not fall below 25% Ratio of employees with non-tertiary education should not fall below 25% Ratio of employees with age 40 and above should not exceed 50% or less than 25% 	<ul style="list-style-type: none"> 35% (FY2020:35%) of all employees and 40% (FY2020:32%) of managers are females 57% (FY2020:55%) of all employees are tertiary educated and 43% (FY2020: 45%) are non-tertiary educated 41% (FY 2020: 34%) of all employees are at least 40 years old 	Improve or maintain a balanced gender, age, and educational diversity ratios

8.5 Commitment to quality and product safety practices

To present quality, innovative, user-focused products and services to our customers, we take potential risk to the health and safety of customers seriously as electrical products could pose a risk to health and safety of customers when sub-standard products are sold and used.

Key measures taken to ensure product safety and quality are as follows:

- Our procurement team works closely with suppliers to ensure strict compliance with our quality requirements and relevant safety regulations. Feedback is constantly furnished by the procurement team to suppliers to make improvements. A supplier that does not improve will be disqualified.
- We also ensure products sold in Singapore comply with the Consumer Protection (Safety Requirements) Registration Scheme (CPS Scheme) and are certified with the applicable SAFETY mark.

During the reporting period, there are no reported incidents of substandard products resulting in electrical accidents (FY2020: zero incident).

TARGET FOR FY2021	PERFORMANCE IN FY2021	TARGET FOR FY2022
Maintain zero incident of substandard products resulting in electrical accidents to our customers	No reported incidents of substandard products resulting in electrical accidents to our customers	Maintain zero incident of substandard products resulting in electrical accidents to our customers

8.6 Responsible Waste Management

In line with our mission to operate in an environmentally responsible manner, we are committed to environmental preservation through efficient waste management such as reuse and recycling to allow us to operate in a sustainable environment. Key initiatives include the following:

a. **Moving towards a paperless working environment**

We constantly enhance our operating systems to move towards a paperless working environment. During the reporting period, we implemented a document management system to facilitate the digitization of our paper documents and reduce the need to generate paper documents for filing purpose. We will continuously work on digitalisation and towards a paperless office environment.

b. **Recycle and reuse electronic waste and packaging materials**

We recognise that products sold or distributed by us often contains components such as plastics and metals, which could be recycled and reused. Electronic waste recycling is environmentally responsible and promotes the conservation of natural resources. Accordingly, disposals of our electronic waste are handled by waste collectors. In addition, used carton boxes are collected at a centralised location for reuse in local deliveries.

SUSTAINABILITY REPORT

TARGET FOR FY2021	PERFORMANCE IN FY2021	TARGET FOR FY2022
Minimise waste generated in operations	We implemented a document management system to facilitate the digitization of our paper documents and reduce the need for physical filing and paper	Minimise waste generated in operations

8.7 Sustainable Business Performance

We believe in creating long-term economic value for shareholders by striking a balance between rewarding shareholders by way of consistent profits, dividend payments and maintaining a robust balance sheet with strong operating cash flows.

Details of the Group's economic performance can be found in the financial contents and audited financial statements of this Annual Report.

TARGET FOR FY2021	PERFORMANCE IN FY2021	TARGET FOR FY2022
Improve or maintain our financial performance subject to market conditions whilst maintaining our dividend payout where practicable	<ul style="list-style-type: none"> Reported an increase in revenue and profit mainly due to strong demand to support the work from home and home-based learning need Declared a tax-exempt dividend of \$0.025 per share 	Improve or maintain our financial performance subject to market conditions whilst maintaining our dividend payout where practicable

8.8 Robust Corporate Governance Framework

We are committed to high standards of corporate governance and believe a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximising long-term shareholder's value.

The overall SGTI score assessed by National University of Singapore Business School is 70 for year 2020 (year 2019: 54). We will continuously work towards improving our SGTI score.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In FY2021, no serious offence³ complaint is received via the whistle blowing channel (FY2020: zero incident).

Refer to the Corporate Governance Report of the Annual Report for details for our corporate governance practices.

TARGET FOR FY2021	PERFORMANCE IN FY2021	TARGET FOR FY2022
<ul style="list-style-type: none"> Improve or maintain our SGTI score Maintain zero incident of serious offence 	<ul style="list-style-type: none"> The overall SGTI score assessed by National University of Singapore Business School has increased to 70 for year 2020. We will continuously work towards improving our SGTI score No serious offence complaints are received via the whistle blowing channel 	<ul style="list-style-type: none"> Improve or maintain our SGTI score Maintain zero incident of serious offence

³ A serious offence is defined as one that involves fraud or dishonesty amounting to not less than SGD 100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the company by officers or employees of the company.

SUSTAINABILITY REPORT

9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

We have incorporated the SDGs under the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, where appropriate, as a supporting framework to shape and guide our sustainability strategy. The results shown below are how our sustainability factors relate to these SDGs:

SDG	OUR EFFORT (SR FACTOR)
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities</p>	<p>We empower our employees by investing in training, education and development to enhance our business competencies (Section 8.2 Employee development and retention)</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> We place heavy emphasis on customer satisfaction as we understand that maintaining a high level of customer satisfaction is essential to the continual success of our business. This in turn helps to contribute to economic growth as well as create new jobs. (Section 8.1 Total customer satisfaction) We contribute to economic growth through creating long-term value for our stakeholders. (Section 8.7 Sustainable Business Performance)
 <p>10 REDUCED INEQUALITIES</p> <p>Reduce inequality within and among countries</p>	<p>We ensure equal opportunity for all regardless of age, gender, and educational background by establishing various human resource related policies and processes to achieve this goal. (Section 8.4 Equality and diversity in the workplace)</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p>	<p>We constantly enhance our operating systems to move towards a paperless working environment and we dispose our electronic waste responsibly. (Section 8.6 Responsible waste management)</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> We ensure our products meet necessary safety standards. (Section 8.5 Commitment to quality and product safety practices) We are committed to high standards of corporate governance and believe that a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximising long-term shareholder's value. (Section 8.8 Robust corporate governance framework)

SUSTAINABILITY REPORT

10. GRI CONTENT INDEX

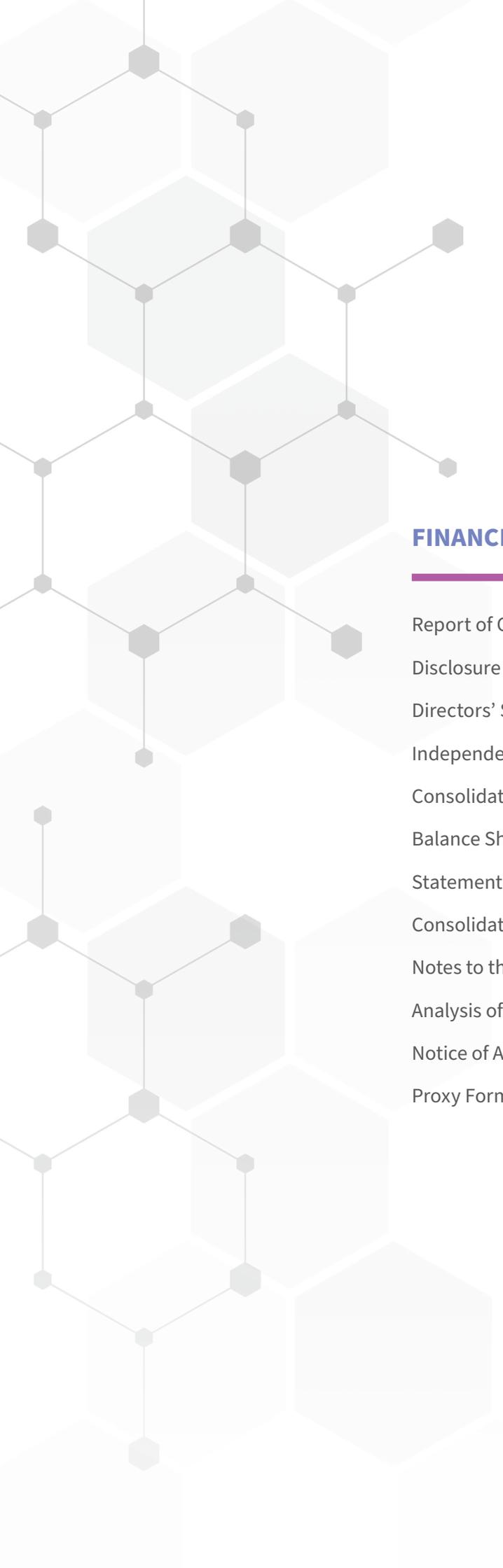
GRI STANDARD & DISCLOSURE TITLE		SECTION REFERENCE	PAGE
Organisation profile			
102-1	Name of the organization	Cover page	-
102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> Company Profile What We Do 	01-02 04-05
102-3	Location of headquarters	<ul style="list-style-type: none"> Corporate Directory Financial Content > Notes to Financial Statements > Corporate Information 	Back cover 81
102-4	Location of operations	<ul style="list-style-type: none"> Company Profile Financial Content > Notes to Financial Statements > Investment in Subsidiaries 	01-02 106
102-5	Ownership and legal form	<ul style="list-style-type: none"> Corporate Structure Financial Content > Notes to Financial Statements > Corporate Information Financial Content > Notes to Financial Statements > Investment in Subsidiaries Analysis of Shareholdings 	08 81 106 126-127
102-6	Markets served	<ul style="list-style-type: none"> Company Profile Financial Content > Notes to Financial Statements > Segmental Information 	01-02 123-125
102-7	Scale of the organization	<ul style="list-style-type: none"> Company Profile Sustainability Report > Material Factors > Equality and Diversity in the Workplace Sustainability Report > Material Factors > Sustainable Business Performance Financial Content > Consolidated Statement of Comprehensive Income Financial Content > Balance Sheet 	01-02 22-23 24 75-76 77
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	22-23
102-9	Supply chain	Company Profile	01-02
102-10	Significant changes to the organization and its supply chain	None	-
102-11	Precautionary Principle or approach	None	-
102-12	External initiatives	Sustainability Report > Supporting the UN Sustainable Development Goals	25
102-13	Membership of associations	None	-

SUSTAINABILITY REPORT

GRI STANDARD & DISCLOSURE TITLE		SECTION REFERENCE	PAGE
Strategy			
102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> Chairman Statement Sustainability Report > Board Statement 	06-07 15
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> Report of Corporate Governance Sustainability Report > Vision, Mission and Core Values Sustainability Report > Material Factors > Robust Corporate Governance Framework 	30-53 16 24
Governance			
102-18	Governance structure of the organization	Report of Corporate Governance	30-53
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	17
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	-
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	17
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	17
102-44	Key topics and concerns raised	<ul style="list-style-type: none"> Sustainability Report > Stakeholder Engagement Sustainability Report > Material Factors > Total Customer Satisfaction 	17 20-21
Reporting practice			
102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> Corporate Structure Sustainability Report > Reporting Period and Scope Financial Content>Notes to Financial Statements > Investment in Subsidiaries 	08 17 106
102-46	Defining report content and topic Boundaries	Sustainability Report > Sustainability Reporting Processes	18
102-47	List of material topics	Sustainability Report > Material Factors	19-24
102-48	Restatements of information	None	-
102-49	Changes in reporting	None	-
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	17
102-51	Date of most recent report	Annual Report 2020 > Sustainability Report	-
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	17
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	17

SUSTAINABILITY REPORT

GRI STANDARD & DISCLOSURE TITLE		SECTION REFERENCE	PAGE
102-54	Claims of reporting in accordance with the GRI Standards and GRI content index	<ul style="list-style-type: none"> Sustainability Report > Reporting Framework Sustainability Report > GRI Content Index 	16 26-28
102-55	GRI content index	Sustainability Report > GRI Content Index	26-28
102-56	External assurance	We may seek external assurance in the future	-
Management approach			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	19-24
103-2	The management approach and its components	<ul style="list-style-type: none"> Sustainability Report > Board Statement Sustainability Report > Policy, Practice and Performance Reporting Sustainability Report > Material Factors 	15 18-19 19-24
103-3	Evaluation of management approach	Sustainability Report > Material Factors	19-24
Category: Economic			
201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> Company Profile Sustainability Report > Material Factors > Sustainable Business Performance Financial Content > Consolidated Statement of Comprehensive Income Financial Content > Balance Sheet 	01-02 24 75-76 77
Category: Environmental			
306-2	Waste by type and disposal method	Sustainability Report > Material Factors > Responsible Waste Management	23-24
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report > Material Factors > Employee Development and Retention	21
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report > Material Factors > Employee Development and Retention	21
413-1	Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> Community Events Sustainability Report > Material Factors > Spirit of Giving 	14 22
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	22-23
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report > Material Factors > Commitment to Quality and Product Safety Practices	23



FINANCIAL CONTENTS

Report of Corporate Governance	030
Disclosure of Information on Directors Seeking Re-Election	054
Directors' Statement	065
Independent Auditors' Report	069
Consolidated Statement of Comprehensive Income	075
Balance Sheets	077
Statements of Changes in Equity	078
Consolidated Statement of Cash Flows	080
Notes to the Financial Statements	081
Analysis of Shareholdings	126
Notice of Annual General Meeting	128
Proxy Form	

REPORT OF CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) of Ban Leong Technologies Limited (the “**Company**” together with its subsidiaries, the “**Group**”) continues to be committed to ensuring and maintaining high standards of corporate governance and places importance on its corporate governance processes and systems which are essential to the stability and sustainability of the performance of the Group, promotion of corporate transparency, accountability and integrity of the Group, protection of interests of shareholders and maximisation of long-term shareholders’ value.

This report describes the corporate governance framework, practices, process and activities of the Company with specific reference to the underlying principles of the Code of Corporate Governance 2018 (the “Code”) that were in place throughout the financial year ended 31 March 2021 (“**FY2021**”). The Board believes that the Group has complied in all material aspects with the principles and provisions as set out in the Code, except where otherwise stated. The Company is also guided by the voluntary Practice Guidance which was issued to complement the Code and which sets out best practice standards for companies. Where there are deviations from the Code, appropriate explanations and reasons for deviation are provided in the relevant sections below.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: *The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.*

Besides carrying out its statutory responsibilities, the Board meets regularly to oversee the business affairs, corporate affairs and the overall performance of the Group and works with the management (“**Management**”) to take objective decisions in the interest of the Group. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. Director facing conflict of interest has recused himself from discussions and decisions involving the issues of conflict. The Management also plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfilment of its responsibilities.

The Board recognises that its principal duties include:

- Providing entrepreneurial leadership, setting the strategic directions and the long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;
- Reviewing and approving, inter alia, the approval for the release of the half-year and full year results announcements, approval of the annual report and financial statements, material acquisitions and disposals of assets, interested person transactions, corporate strategies, annual budgets and investment proposals of the Group;
- Reviewing and evaluating the adequacy and integrity of the Group’s internal controls, compliance, risk management and financial report systems;
- Reviewing and monitoring management performance towards achieving organisational goals;
- Overseeing succession planning for management;
- Setting corporate values and standards, setting appropriate tone-from-the-top and desired organisational culture, ensuring proper accountability within the Group and ensuring that the obligations to shareholders and other stakeholders are understood and met;
- Ensuring accurate and timely reporting in communication with shareholders; and
- Considering sustainability issues including environmental and social factors in the Group’s strategic formulation.

REPORT OF CORPORATE GOVERNANCE

In order to be in line with the requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”) relating to the sustainability reporting, the Group presents its Sustainability Report for the financial year ended 31 March 2021 on pages from 15 to 28 in this Annual Report.

The Group has adopted internal guidelines setting forth matters that require Board’s approval. Matters specifically reserved for the approval by the Board are those relating to the strategy and business plan/budget of the Group, material acquisitions and disposal of assets, capital related matters including corporate or financial restructuring, investment or expenditure exceeding certain threshold limits, share issuances, interim dividends and other returns to shareholders and interested person transactions.

The Management is responsible for day-to-day operations/administration of the Group and they are accountable to the Board. Clear directions have been given out to the Management that such reserved matters must be approved by the Board.

The Board exercises due diligence and independent judgement in dealing with business affairs of the Group and works with Management to take objective decisions in the interest of the Group.

The Board has established and delegated specific authority to the committees of the Board, namely the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”) (collectively, the “Board Committees”) with clear written Terms of Reference to assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively, and reporting back to the Board. These Board Committees are made up of Non-Executive Directors and each chaired by Independent Director. Each Board Committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

All the Board Committees are actively engaged and NC plays an important role in ensuring good corporate governance in the Company and within the Group.

The Board meets regularly on a half-yearly basis with two (2) scheduled meetings held within each financial year to approve, among others, announcements of the Group’s half-year and full year financial results. Additional meetings are also convened to discuss and deliberate on urgent substantive matters or issues. The Board may also have informal discussions on matters requiring urgent attention which would then be formally approved by circular resolutions in writing. The Company’s Constitution provides for the Board to convene meetings via telephone conferencing and electronic means in the event when Directors are unable to attend meetings in person.

While the Board considers Directors’ attendance at Board meetings as important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms, including periodical reviews and the provision of guidance and advice on various matters relating to the Group. The number of meetings of Board and Board Committees held during FY2021 and the attendance of each Director at those meetings are set out as follows:

Name of Directors	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ronald Teng Woo Boon	2	2	-	-	-	-	-	-
Neo Gim Kiong ¹	2	2	1	1	1	1	1	1
Loh Yih	2	2	2	2	1	1	1	1
Tan Eng Bock ²	1	1	1	1	1	1	1	1
Lo Yew Seng ³	2	2	2	2	-	-	-	-

1 Neo Gim Kiong had been appointed as the Chairman of the Nominating Committee and a member of the Audit Committee of the Company effective from 15 July 2020.

2 Tan Eng Bock resigned as Independent Non-executive Director effective from 15 July 2020.

3 Lo Yew Seng had been re-designated as Independent Non-Executive Director and appointed as a member of the Nominating Committee and Remuneration Committee of the Company effective from 15 July 2020.

REPORT OF CORPORATE GOVERNANCE

The Board ensures that incoming new Directors are given comprehensive and tailored induction on joining the Board including onsite visits, if necessary, to get familiarised with the business of the Group and corporate governance practices upon their appointment and to facilitate the effectiveness in discharging their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. They will be given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices. A newly appointed Director who has no prior experience as a director of a listed company in Singapore must undergo mandatory training organised by Singapore Institute of Directors in relation to the roles and responsibilities of a director of a listed company. There was no new Director appointed during FY2021.

All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable at the Group's expenses. The Directors are also provided with updates on the relevant new laws and regulations relevant to the Group's operating environment through emails and regular meetings. They also have the opportunity to visit the Group's operational facilities and meet with management to obtain a better understanding of the business operations. Below are some of the updates have been provided to the Directors in FY2021:

- the external auditors, Ernst & Young LLP, has briefed the AC members on the latest developments in accounting and corporate governance standards at their attendance in the AC meetings held half-yearly;
- Executive Chairman has updated the Board at half-yearly meetings on the business outlook and the direction of the Group; and
- Financial Controller has also updated the Board at half-yearly meetings on each segmental business operation and development of the Group along with the financial results.

To enable the Board to fulfill its responsibilities, it obtains information it deems adequate, complete and in a timely manner from the Management so as to make informed decisions. A system of communication between the Management, the Board and its Committees has been established and improved over time.

The Board, its Committees and every Director have separate and independent access to the Management and are free to request additional information as needed to make informed decisions.

In addition to the annual budget and business plans submitted to the Board for approval, the Board was provided with half-yearly financial management report which contains key performance indicators informing the Directors of the Group's performance, position and prospects. The Management also kept the Board apprised of material variances between the actual results, corresponding period of last year and the budget, with appropriate explanation on such variances. Further, additional information is circulated to the Board on a regular basis as and when there is material development in the Group's business operations.

The role of the Company Secretary is, inter alia, advising the Board on all governance matters and ensuring that all Board procedures are followed. Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and its Committees and between the Management and Non-Executive Directors. Directors have separate and independent access to the Company Secretary through e-mail, telephone and face-to-face meetings. During FY2021, the Company Secretary attended all meetings of the Board and its Board Committees and the minutes of such meetings were promptly circulated to all Board and Board Committees as appropriate. The appointment and removal of the Company Secretary are subject to the approval of the Board.

In the furtherance of their duties, the Independent Directors may seek independent professional advice, where appropriate, with such expense borne by the Company.

REPORT OF CORPORATE GOVERNANCE

Board Composition and Guidance

Principle 2: *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

As at the date of this report, the Board comprises four (4) Directors, out of whom three (3) are Independent Non-Executive Directors and one (1) Executive Director, together with the Audit Committee (“AC”), Remuneration Committee (“RC”) and Nominating Committee (“NC”) are constituted in compliance with the Code. The Board composition has a strong and independent element with three (3) Independent Directors that make up the majority of the Board. The current members of the Board and their membership on the Board Committees of the Company are as follows:-

Name of Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Ronald Teng Woo Boon	Managing Director	-	-	-
Neo Gim Kiong	Independent Non-Executive Director	Member	Chairman	Member
Loh Yih	Lead Independent Non-Executive Director	Chairman	Member	Chairman
Lo Yew Seng	Independent Non-Executive Director	Member	Member	Member

The Directors bring with them a broad range of business and financial experience, skills and expertise in finance, industry, business, management and general corporate matters. The profiles of the Directors are set out on pages 10 to 11 of this Annual Report.

The Board’s size and composition are reviewed annually by the NC to ensure that the Board and its Board Committees have the appropriate mix of skills, expertise, experience and knowledge of the Group as well as appropriate balance of independent directors. The NC is of the view that the current Board comprises persons whose diverse skills, expertise, experience, knowledge of the Group and attributes provide for an effective Board. The Board members also collectively possess the necessary core competencies for the effective functioning of the Board and an informed decision making process.

To assist the NC in its annual review of the Directors’ mix of skills, and experiences that the Board requires to function competently and efficiently, the Directors have completed their assessment forms and provide additional information (if any) in their respective areas of specialisation and expertise.

The NC, having conducted its reviews, was satisfied that members of the Board possess the relevant core competencies in areas such as accounting and finance, business and management experience, and strategic planning. In particular, the Executive Director, also the Managing Director of the Company, possess good industry knowledge while the Independent Directors, who are mostly professionals in their own fields, are able to take a broader view of the Group’s activities, contribute their valuable experiences and provide independent judgement during Board deliberations. Details of the Directors’ qualifications, background and working experience, principal commitments and shareholdings in related corporations are set out on pages 10, 11, 38.

As the Group’s activities continue to grow, the NC will continuously review the composition of the Board so that it will have the necessary competencies to be effective. The NC will further consider other aspects of diversity such as gender and age, and assist the Board to put in place a board diversity policy and progress for implementation of such policy, so as to avoid groupthink and foster constructive debate.

As set out under Provision 2.1 of the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement with a view to the best interests of the Company. The NC conducted its annual review of the Directors’ independence and confirmed their independence in accordance with the guidelines as set out in the Code and Rule 210(5)(d) of the SGX Listing Rules. There was no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

REPORT OF CORPORATE GOVERNANCE

Each of the Independent Directors has also provided his independence declaration confirming that he does not have any relationship with the Company or its related corporations, its substantial shareholders or its officers including confirming not having any relationships and circumstances provided in Provision 2.1 of the Code and Rule 210(5)(d) of the SGX Listing Rules.

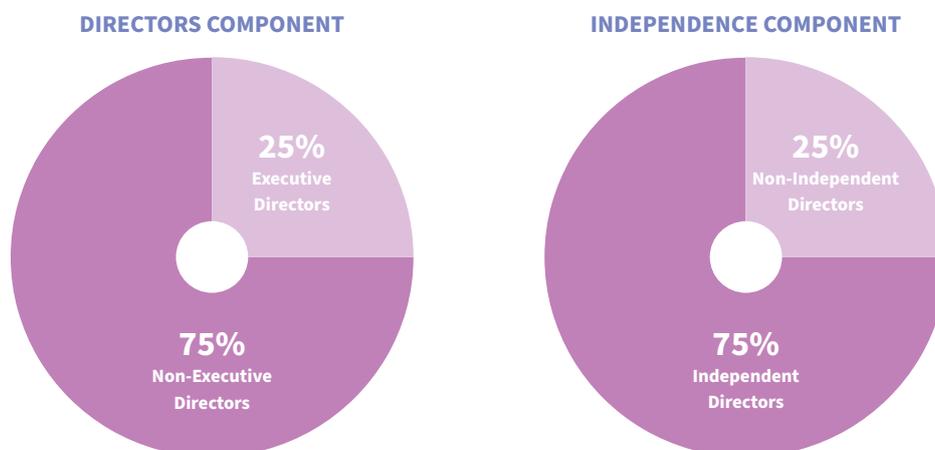
As Independent Non-Executive Directors make up a majority of the Board, there is a strong independent element on the Board and no individual or groups of individuals are able to dominate the Board's decision-making process. The Independent Non-Executive Directors have the necessary skills and experience to assist the Board in decision making and to provide a check and balance to the Board as they are not involved in the day-to-day operations of the Company. Prior to 1 January 2022, the corresponding Guideline 2.1 of the Code of Corporate Governance 2012 (the "2012 Code") will continue to apply. The NC was satisfied that the Company has complied with Guideline 2.1 of the 2012 Code, including at least one-third of the Board is made up of Independent Directors.

As the Chairman of the Board is not an Independent Director, the NC has reviewed the composition of the Board and was satisfied that the Independent Directors make up a majority of the Board provides the Board with independent and objective judgement on the corporate affairs of the Group. The Company is in compliance with the relevant provisions requiring majority of the Board to be made up of Non-Executive and Independent Directors as set out below:-

Provision 2.2 Independent directors make up a majority of the Board where the Chairman is not independent; and

Provision 2.3 Non-executive directors make up a majority of the Board.

The Board believes that the Executive Chairman has always acted and will continue to act at all times in the best interests of shareholders as a whole and will strive to protect and enhance the long-term shareholders' values and the financial performance of the Group.



The independence of each Independent Director is assessed at least annually by the NC. Particular scrutiny is applied in assessing the continued independence of Directors having served beyond nine (9) years from the date of his first appointment, with attention to ensuring their allegiance remains clearly aligned with the shareholders' interest.

In respect of each of the two Independent Directors, namely Loh Yih and Neo Gim Kiong, having served more than 9 years, have voluntarily submitted themselves for reassessment of their independence status by Directors separately. During the process, each of the Directors have excused themselves on their respective own assessment. A comprehensive questionnaire has been provided to rigorously review the independence of Independent Directors who have served more than 9 years. Having considered the assessment made by each Director on the independence status of Independent Directors and other contributing factors, the Board has considered specifically their length of service and their continued independence. The Board has determined that the Directors concerned remained independent of character and judgement and there were no relationships or circumstances which were likely to affect, or could appear to affect, the Directors' judgement. The independence of character and judgement of each of the Directors concerned was not in any way affected or impaired by the length of service. The Board has also conducted a review of the performance of each of the two Independent Directors and considers that each of these Directors brings invaluable expertise, experience and knowledge to the Board and that they continue to contribute positively to the Board and Board Committee deliberations. Therefore, the Board is satisfied as to the performance and continued independence of judgement of each of these Directors.

REPORT OF CORPORATE GOVERNANCE

With effect from 1 January 2022, a director will not be considered an independent director if he has served for an aggregate of more than nine (9) years from the date of his appointment and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the “Two-Tier Voting”). Such resolutions may remain in force until the earlier of the following: (a) the retirement or resignation of the director; or (ii) the conclusion of the third annual general meeting of the issuer following the passing of the resolutions.

The Board does not consider it to be in the interests of the Company or shareholders to require all Directors who have served more than 9 years or longer to retire and favours ensuring continuity and stability.

The Board is of the opinion that it would be most effective to draw on the appropriate core competencies and diversity of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.

The Board seeks to strike an appropriate balance between continuity and refreshment of its Board members and has recommended that requisite approvals of shareholders be sought through a Two-Tier voting process at the forthcoming AGM for the continuation of office of Loh Yih and Neo Gim Kiong, who have served as an Independent Non-Executive Directors of the Company for an aggregate term of more than nine (9) years after having reviewed their independence and taking into account their industrial knowledge and experiences which are able to continue contributing and adding value to the Group.

During the year, the Non-Executive Directors constructively challenged and helped develop the Group’s proposals on business strategies. Management’s progress in implementing such agreed business strategies were monitored by the Non-Executive Directors.

The Independent and Non-Executive Directors communicated without the presence of Management as and when the need arose. The Company also benefited from the Management’s ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committees’ meetings.

Chairman and Chief Executive Officer

Principle 3: *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

The Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group’s business and no one individual should represent a considerable concentration of power.

Ronald Teng Woo Boon (“**Mr. Teng**”) is the Chairman of the Board and Managing Director (“**MD**”) of the Company. He assumes responsibility for the smooth functioning of the Board and ensures timely flow of information between Management and the Board; sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; promotes a culture of openness and debate at the Board; and promotes high standards of corporate governance. In addition, he also assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the management team; and leads the development of the Group’s future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses. Mr. Teng communicates with the Board regularly to update the corporate issues and developments. He plays a pivotal role in fostering constructive dialogue among stakeholders, the Board and the Management at various meetings.

Taking into account the current corporate structure, size, nature and scope of the Group’s operation, the Board is of the view that it is presently not necessary to separate the roles of the Chairman and MD, and as the AC, NC and RC consist of all Non-Executive and Independent Directors, the Board believes that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence.

REPORT OF CORPORATE GOVERNANCE

Given that the Chairman is not an Independent Director, Loh Yih has been appointed as the Lead Independent Director of the Company to provide leadership in situations where the Chairman is conflicted and he will be available to shareholders in situations where there are concerns or issues which communication with the Executive Chairman and MD and/or Financial Controller has failed to resolve or where such communication is inappropriate or inadequate. Loh Yih will also take the lead in ensuring compliance with the Code.

When it is necessary, led by the Lead Independent Director, the Independent Directors will be meeting periodically without the presence of the Executive Director/MD and the Management. The Lead Independent Director will provide feedback to the Chairman after such meetings as appropriate.

Board Membership

Principle 4: *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

The NC consists of three (3) Directors, all of whom, including the NC Chairman, are Independent Directors. The Lead Independent Director is also a member of the NC.

They are:

Neo Gim Kiong, Chairman	(Independent)
Loh Yih	(Lead Independent)
Lo Yew Seng	(Independent)

The NC, which meets at least once a year, carries out its duties in accordance with a set of written Terms of Reference which includes, mainly, the following: -

- reviewing and recommending to the Board on all Board appointments, including the nomination or re-nomination of the Directors having regard to the Directors' contribution and performance;
- reviewing of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- developing a process for selection, appointment and re-appointment of Directors (including alternate directors, if applicable) to the Board;
- reviewing orientation programs for new Directors and training and professional development programs for the continuing training of the Directors;
- determining on an annual basis whether or not a Director is independent bearing in mind the salient factors set out in the Code;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards;
- assessing the effectiveness of the Board as a whole and Board Committees as well as the contribution of each individual Director to the effectiveness of the Board;
- reviewing the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise and make recommendations to the Board with regard to any changes; and
- reviewing and approving any new employment of related persons and the proposed terms of their employment.

REPORT OF CORPORATE GOVERNANCE

During FY2021, the NC held one scheduled meeting with full attendance.

The Board, through the NC, reviews annually the effectiveness of the Board as a whole and its required mix of skills and experience and other qualities, including core competencies, which Directors should bring to the Board. The key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board and each Director as well as succession planning which form a critical part of corporate governance process for CEO/MD and board members. It seeks to refresh the board membership as it thinks fit in an orderly and progressive manner so as to keep institutional memory intact. It also ensures compliance with the requirements of the Company's Constitution which provides that at each AGM, one-third of the Board is required to retire and provided always that every Director shall retire from office at least once every 3 years.

In this respect, the NC has recommended and the Board has agreed for the nomination of the following Directors who will stand for re-election/re-appointment at the forthcoming AGM as detailed below:-

Pursuant to Articles 107 and 108 of the Company's Constitution:

- (i) Teng Woo Boon; and
- (ii) Lo Yew Seng

Pursuant to Rule 210(5)(d)(iii)(A) and 210(5)(d)(iii)(B) of the Listing Rules which will take effect on 1 January 2022:

- (i) Loh Yih; and
- (ii) Neo Gim Kiong

The disclosure of information on Directors seeking re-election/re-appointment as required under Appendix 7.4.1 to the Listing Manual of the SGX-ST can be found in pages 54 to 64 of this Annual Report.

In making the recommendations, the NC considers the overall contribution and performance of the Directors as well as the internal guideline set for rotation of independent directors.

Each member of the NC shall abstain from deliberations and voting on any resolutions in respect of the assessment of his performance, or re-election as a Director of the Company.

In addition, the Directors, by the recommendation of NC, shall have the power to appoint any person to be the Director either to fill a casual vacancy or as an additional Director. All new Directors who are appointed by the Board are subject to re-election at the next AGM but shall not be taken into account in determining the numbers of Directors who are retire by rotation at such meeting.

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

- i. NC in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy;
- ii. NC seeks potential candidates widely and beyond directors/management recommendations and is empowered to engage external parties to source for suitable candidates;
- iii. meets with short-listed candidates to assess their suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and
- iv. makes recommendations to the Board for approval.

As described under Principle 2 of this Report, the independence of each Director is reviewed annually, or as and when circumstances require, by the NC based on the guidelines set out in the Code and the Listing Rules. The NC reviewed the independence of the Directors as described under Principle 2 of this Report after taking into account factors such as relationship with the Company, its related corporations, its substantial shareholders or its officers and whether these relationships interfere with his business judgements. The NC has affirmed that Loh Yih, Neo Gim Kiong and Lo Yew Seng are independent and there are no relationships which would deem any of them not to be independent. Each of the Independent Directors has also confirmed his independence.

Each Director of the Company will annually confirm his independence (or otherwise) based on a checklist. The checklist is drawn up based on the guidelines provided in the Code and Listing Rules. The NC has reviewed the independence of the Directors pursuant to Rule 210(5)(d) of the SGX Listing Rules and Provision 2.1 of the Code as mentioned above, based on, inter alia, their declarations as aforesaid. As and when circumstances require, the NC will also assess and determine a Director's independence.

REPORT OF CORPORATE GOVERNANCE

The NC has also in place a formal process for the selection of new Directors and re-appointment of Directors to increase transparency of the nominating process in identifying and evaluating nominees or candidates for appointment or re-appointment. In selecting potential new Directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfill its responsibilities. The NC will evaluate the suitability of the nominee or candidate based on his qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board, before making its recommendation to the Board. In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's business and affairs) and his independence. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required. Directors are encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, SGX-ST, and other business and financial institutions and consultants.

The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his duties as a Director of the company. In assisting the NC to determine whether Directors who are on multiple boards have committed adequate time to diligently discharge their duties and responsibilities towards the Company's affairs, internal guidelines have been established to address the competing time commitments faced by Directors serving on multiple boards. To address the competing time commitments that are faced when Directors serve on multiple boards, the NC has reviewed and made recommendation to the Board accordingly on the maximum number of listed company board appointments which any Director may hold. Based on the recommendation, the Board has determined and set the maximum number of listed company board appointments at not more than five (5) other listed companies after reviewing the capabilities and background of each Director as well as the nature of the business of the Group. Currently, none of the Directors hold more than five (5) directorships in other listed companies.

The NC, having reviewed each of the Director's directorships in other companies and principal commitments as well as each Director's attendance, overall performance and contribution to the Board in FY2021, the NC is satisfied that the Directors have spent adequate time on the Company's affairs and have duly discharged their responsibilities adequately for FY2021. All Independent Non-Executive Directors are required to declare their Board representations at the Board meeting whenever there is change and at the end of each financial year.

Presently, the Company does not have any alternate Director as the Board does not encourage the appointment of alternate Director unless it is in exceptional case.

Key information of each member of the Board is set out below and also under the section on "Disclosure of information on Directors seeking re-election and re-appointment pursuant to Rule 720(6) of the Listing Rules in this Annual Report on pages 54 to 64:-

Name of Directors	Date of First Appointment	Date of Last Re-election	Present Directorships and Chairmanships in Other Listed Companies		Directorships and Chairmanships in Other Listed Companies over the preceding three years
Ronald Teng Woo Boon	18 June 1993	26 July 2019	-	-	-
Neo Gim Kiong	1 July 2004	28 August 2020	1.	Acesian Partners Limited	1. Astaka Holdings Limited (retired on 5 February 2020) 2. Trek2000 International Ltd (retired at the AGM held on 24 April 2018) 3. Sen Yue Holdings Limited (retired at the AGM held on 30 April 2021) 4. International Press Softcom Limited (delisted on 12 April 2021 and now known as IPSCoM Pte. Ltd.) (resigned on 1 May 2021)
Loh Yih	12 May 2005	28 August 2020	1.	Acesian Partners Limited	1. Trek 2000 International Ltd (retired on 8 May 2018) 2. Weichai Power Co., Limited (retired on 14 June 2018) 3. International Press Softcom Limited (delisted on 12 April 2021 and now known as IPSCoM Pte. Ltd.) (resigned on 1 May 2021)
Lo Yew Seng	12 May 2015	26 July 2019	-	-	-

REPORT OF CORPORATE GOVERNANCE

Board Performance

Principle 5: *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

The NC has in place a framework for annual performance evaluation to assess the effectiveness of the Board as a whole and its ability to facilitate discussion to discharge its responsibilities in providing stewardship, corporate governance and oversight of Management's performance duties more effectively, and its Board Committees, as well as the contribution of each individual Director to the effectiveness of the Board. In respect of which, the NC has adopted guidelines for a formal annual assessment, established a review process and proposed performance criteria set out in assessment checklists which are approved by the Board.

For the year under review, all Directors and Board Committees' Members participated in the evaluation by updating their respective feedbacks in their completed Performance Evaluation questionnaire relating to the size and composition, processes, information flow, meeting attendance, participation, Board procedures and accountability, matters concerning MD/key management personnel and standards of conduct of Board members being completed by each individual Director and Board committees' member which are the prescribed forms established for this purpose. To ensure confidentiality, the updated evaluation returns by Directors and Members of Board Committees were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's and its Board Committees' performances for the year.

There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees, the contribution by the Chairman and each Director to the effectiveness of the Board. The NC assesses the performance and effectiveness of the Board as a whole and of each Board Committee separately as well as the contribution by the Chairman and each Individual Director. The qualitative measures include the effectiveness of the Board in its monitoring and the attainment of the strategic objectives set by the Board.

The evaluation exercise is carried out annually by way of a Board and its Committees' Assessment Checklists, which are circulated to the Board and its Committees' members for completion and thereafter the NC to review and determine the actions required to ensure continuous improvement of the corporate governance of the Company and effectiveness of the Board as a whole and of each Board Committee separately as well as the contribution by the Chairman and each Individual Director.

Board performance criteria

- (i) The Board's effectiveness in its monitoring role and attainment of the strategic and long-term objectives;
- (ii) The Board's ability to ensure information flow and accountability; and
- (iii) The Board's ability to ensure respective committees' performance.

The evaluation of individual Director's performance is performed on an annual basis at the same time as evaluation of the performance of the Board as a whole based on, amongst others, the Director Assessment questionnaire to assess Director's respective areas of specialisation and expertise, and general consideration of such other factors as mentioned above.

Based on the above review, the NC is satisfied that the Board, as a whole, and its Board Committees, has been effective, and that each Director has contributed sufficiently to the effective functioning of the Board.

No external facilitator was used in the performance assessment for FY2021.

REPORT OF CORPORATE GOVERNANCE

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

Matters concerning remuneration of the Board, key management personnel and other employees who are immediate family members of the Directors, the CEO or Substantial Shareholder of the Company (if any) are handled by the RC whose primary function is to develop formal and transparent policies on remuneration matters and fixing the remuneration packages of the Directors of the Company and Key Management Personnel. The RC also reviews and ensures that the Company's remuneration system is appropriate to attract, retain and motivate the required talents to run the Company successfully.

Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this Report under Principles 6, 7 and 8; and in the Financial Statements of the Company and of the Group.

The RC comprises the following three (3) Directors, all of whom including the RC Chairman, are Non-Executive being independent:

Loh Yih, Chairman	(Lead Independent)
Neo Gim Kiong	(Independent)
Lo Yew Seng	(Independent)

The RC, which meets at least once a year, carries out its duties in accordance with a set of written Terms of Reference which includes, mainly, the following:

- reviewing and recommending to the Board, in consultation with the Executive Chairman and MD, for endorsement, a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each Director and key management personnel, including employees related to the Directors, CEO and Substantial Shareholders, and the implementation of appropriate performance-related elements to be incorporated in the remuneration framework;
- reviewing and recommending the remuneration of the Non-Executive Directors, taking into account factors such as their effort, time spent and their responsibilities;
- reviewing the remuneration packages to ensure it is appropriate to attract, retain and motivate the Director to provide good stewardship of the company and key management personnel to successfully manage the company for the long term;
- reviewing and administering the award of shares to Directors and employees under the employee performance share plan adopted by the Company;
- reviewing and determining the contents of any service contracts for any Directors or key management personnel including termination terms, to ensure they are fair; and
- carrying out other duties as may be agreed by the RC and the Board, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

During FY2021, the RC held one scheduled meeting with full attendance.

The RC is responsible for ensuring a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors, key management personnel and related employees. All aspects of remuneration, including but not limited to, directors' fees, salaries, allowances, bonuses, awards to be granted under the performance share plan as well as other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also considers and recommends the MD's remuneration package including fixed salary, guaranteed bonus plus an annual incentive bonus calculated based on the consolidated net profit before tax and extraordinary items.

REPORT OF CORPORATE GOVERNANCE

The RC also ensures that the Independent Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised. Each member of the RC abstains from voting on any resolutions in respect of his own remuneration package. Directors' fees are further subject to the approval of shareholders at the AGM.

The remuneration of related employees is reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review. The RC also takes into account of the current market circumstances and the need to attract and retain experienced/outstanding Directors and key management personnel.

Where necessary, the RC will consult external professionals on remuneration matters of Directors and key management personnel. For FY2021, the Company did not engage any external remuneration consultants advising on remuneration matters as the Group deemed not necessary given that the relevant information can be searched through internet tools.

Level and Mix of Remuneration

Principle 7: *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

Remuneration Policy of Executive Director and Other Key Management Personnel

The Company's remuneration structure for its Executive Director and Key Management Personnel comprises mixture of three key components (fixed and variable):

- (a) annual fixed cash;
- (b) annual performance incentive; and
- (c) long-term incentive.

The annual fixed cash component comprises the annual fixed salary plus other fixed allowances. The variable component is performance related and is linked to the Company's performance as well as individual performance. This is designed to align remuneration interests with the shareholders and link rewards to corporate and individual performance so as to promote long term success of the Group. To remain competitive and relevant, the Company aims to benchmark its annual fixed salary at market median with variables being strictly performance driven.

The MD, being an Executive Director, has a service agreement with the Company with a validity period of three (3) years and subject to renewal after expiry of every three (3) years. There was no onerous removal clauses contained in the service agreement and will be reviewed to reflect the strategic importance to the Group. The review of the service contract of the MD come under the purview of the RC to ensure fairness and reasonable terms of service is tied with his performance.

Having reviewed and considered the salary components of the Executive Director and the key management personnel which is considered reasonable and commensurate with their respective job scope and level of responsibilities, the RC is of the view that there is no requirement to use contractual provisions to allow the Company to reclaim incentive components of the remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

The remunerations of the Non-Executive and Independent Directors are set out in accordance with a framework comprising a basic directors' fee, in addition to Board Committees' fees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account. The Company believes that the current remuneration of the Independent Directors is at a level that will not compromise the independence of the Directors. Directors' fees are paid subject to approval of shareholders at each Annual General Meeting.

REPORT OF CORPORATE GOVERNANCE

Principle 8 Disclosure on Remuneration

Details on the remuneration of Directors and key management personnel for the year under review are presented below. During FY2021, there was no termination, retirement and post-employment benefits granted to any Director and key management personnel. A summary of each Non-Executive Directors' and Executive Director's remuneration paid or payable by the Company for FY2021 is set out below:

Breakdown of Remuneration in Percentage (%)

Name of Directors	Fees ¹ (%)	Salary ² (%)	Performance bonus (%)	Other benefits (%)	Total (%)	Total Remuneration in Compensation Bands
Ronald Teng Woo Boon	–	38	62	–	100	S\$750,000 - S\$1,000,000
Loh Yih	100	–	–	–	100	< S\$250,000
Tan Eng Bock*	100	–	–	–	100	< S\$250,000
Neo Gim Kiong	100	–	–	–	100	< S\$250,000
Lo Yew Seng	100	–	–	–	100	< S\$250,000

* Tan Eng Bock resigned as Independent Non-executive Director effective from 15 July 2020.

Notes:

- The Directors' Fees are subject to the approval of the shareholders at the AGM.
- The salary amount shown is inclusive of allowances and CPF.

Remuneration of Key Management Personnel (Other than the Company's Executive Director)

The table below sets out the remuneration received by key management personnel that the Company considers senior and appropriate for disclosure purpose. The ranges of gross remuneration received by the top three (3) key management personnel in the Company and its subsidiaries, but do not include any associated companies, are presented as follows:

Breakdown of Remuneration in Percentage (%)

Name of Top 3 Key Management Personnel	Position	Salary ¹ (%)	Variable Bonus (%)	Other benefits (%)	Total (%)	Total Remuneration in Compensation Bands
Tan You Hong	Deputy Managing Director	35	62	3	100	\$500,000 - \$750,000
Khoo Soo Fang	Financial Controller	61	37	2	100	\$250,000 - \$500,000
Jenny Teo Su Ching ²	Human Resource Director	67	30	3	100	< \$250,000

Notes:

- The salary amount shown is inclusive of CPF.
- Jenny Teo Su Ching, the spouse of the MD, Mr. Teng, resigned as a Human Resource Director on 31 May 2021.

Save for Tan You Hong and Khoo Soo Fang, no other key management personnel receive remuneration exceeding S\$250,000. In aggregate, the total remuneration (including CPF contribution thereon and bonus) paid to the top three (3) key management personnel in financial year ended 31 March 2021 is approximately S\$1,083,006.

REPORT OF CORPORATE GOVERNANCE

For FY2021, there are only three (3) key management personnel of the Group, excluding the Executive Chairman and the MD.

Taking into consideration the highly competitive business environment and nature of the industry and in order to maintain confidentiality on the remuneration policies of the Company and sensitivity reasons, the Board is of the view that it is in the best interests of the Company to keep the disclosure of remuneration of each individual Director and key management personnel in salary bands instead of providing full disclosure which may adversely affect talent attraction and retention.

Pursuant to Provision 8.2 of the Code, the details of the remuneration (which comprises salaries, bonuses and benefits-in-kind only) of employee who are immediate family members of a director or the CEO or Substantial Shareholder, and whose remuneration exceeded S\$100,000 during the year is disclosed below.

The following immediate family member of the Executive Chairman and the MD as well as a Substantial Shareholder of the Company, whose remuneration exceeded S\$100,000 in FY2021:-

Name	Family relationship	Designation	Total Remuneration in Compensation Bands
Teo Wee Chong	Brother-in-law	Senior Manager, Operations	S\$100,000 to S\$200,000 per annum

The RC is of the view that his remuneration is in line with Company's staff remuneration guidelines and commensurate with his job scopes and level of responsibilities.

Save as disclosed above, the Group does not have any other full-time employee who is an immediate family member of a Director or CEO or Substantial Shareholder of the Company, and whose remuneration exceeded S\$100,000 for FY2021.

In determining the remuneration of the Executive Director and the key management personnel, the RC reviewed their respective KPIs achievements and assessed their performance for the financial year under review.

Details of Ban Leong Performance Share Plan

The Ban Leong Performance Share Plan ("**PSP**") which was approved by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 26 July 2019 was designed to reward persons who are in the employment of the Group and also the Non-Executive Directors (including Independent Directors) who are not employed by the Group but who nevertheless work closely with the Group and/or are in the position to contribute their experience, knowledge and expertise to the development and success of the Group ("**Participants**").

The PSP is designed to reward Participants by the issue and/or transfer of fully-paid shares free of consideration ("**Shares**"), according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods.

The aggregate number of new shares over which the Awards Committee may grant awards on any date, when added to the number of new shares issued and issuable in respect of all Shares granted under the PSP and any other existing share schemes implemented or to be implemented by the Company shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

With regard to Controlling Shareholders and their Associates, the aggregate number of new Shares which may be granted to all Controlling Shareholders and their Associates will not exceed 25% of all the new Shares available under the PSP, and that the number of new Shares issued and issuable to each of the Controlling Shareholders and their Associates shall not exceed 10% of all the new Shares available under the PSP. The PSP is to be administered by the Awards Committee which shall be the RC.

No performance share has been granted and vested in any employees of the Company under the PSP during the financial year under review and until to-date.

REPORT OF CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the AC reviews all financial statements and recommends them to the Board for approval. In addition, the AC ensures that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks.

In discharging its responsibility of providing accurate relevant information on a timely basis to shareholders in compliance with statutory and regulatory requirements, the Board strives to ensure the timely release of the Group's financial results and that provide a balanced and understandable assessment of the Group's performance, position and prospects.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual, where appropriate. The Independent Directors in consultation with Management will request for Management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.

On a half-yearly basis, the Management will furnish an overall presentation to the AC and the Board confirming, inter alia, that the financial processes and controls as well as the integrity of the Group's financial statements are in place, highlighting material financial risks and impacts and providing updates on status of significant financial issues of the Group, if any. During the year, all the unaudited half-yearly and full year results of the Group have been announced within the respective deadlines.

The Management updated the Board on the Group's business activities and financial performance by providing updates on any business, operations and financial related matters on a half-yearly basis as well as upon advance request. Such reports compared the Group's actual performance against the approved budget and result of the previous year. They also highlighted key business indicators and major issues that are relevant to the Group's performance from time to time in order for the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Prior to the release of financial result to the public, the Management will present the Group's financial performance together with notes explaining in detail the operations and trends to the AC, which will review and recommend the same to the Board for approval and adoption for the release of the results.

In accordance with the SGX-ST's requirements, the Board issued negative assurance statements in its half-yearly financial results announcement, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

The Board is responsible for the governance of risk. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Management is responsible to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies. The Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology controls. The Board also recognises its responsibilities in ensuring a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

REPORT OF CORPORATE GOVERNANCE

In FY2021, the Company engaged Yang Lee & Associates (“YLA”) as its internal auditor to the Board and the AC in their review of the Group’s risk management and internal control systems focusing on financial, operational, compliance and information technology controls. The Board believes that adequate internal controls within the Group are crucial to ensure that the Group continues to meet or exceed its standards in all key aspects along with safeguarding the shareholders’ interests and the Group’s assets through effective risk management.

On an annual basis, the AC reviews and reports to the Board the Group’s risk profile, evaluates results and counter-measures to mitigate or transfer identified potential risks so as to assure itself and the Board that the process is operating effectively as planned. The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team. The process identifies relevant potential risks across the Group’s operations with the aim to bring them to within acceptable cost and tolerance parameters.

The Management regularly reviews and updates the Board on the Group’s business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the Board and the AC for further discussion. The Board and the AC also work with the internal auditors, external auditors and Management on their recommendations to institute and execute relevant controls with a view to manage such risks.

The Board notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. No significant risk on the internal control system was brought to the attention of AC during FY2021. In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, statutory audits conducted by the external auditors, and reviews performed by the Management, various board committees and the Board so far, the Board, with the concurrence of the AC, is of the opinion that the Group’s risk management and internal control systems, addressing the financial, operational, compliance and information technology risks, put in place during the financial year were adequate and effective. This is in turn supported by the assurance from the MD and the Financial Controller (including back-to-back assurance from other key management personnel who are responsible) that (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances are in accordance with the relevant accounting standards; and (b) an effective risk management and internal control systems have been put in place.

Furthermore, the Board believes its responsibility of overseeing the Group’s risk management framework and policies are well supported. The Board will look into the need for establishment of a separate board risk committee at the relevant time.

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group’s business and operational activities to identify areas of significant business risks as well as the appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and AC.

Audit Committee

Principle 10: The Board has an Audit Committee (“AC”) which discharges its duties objectively.

The Board recognises the importance of providing accurate and relevant information on a timely basis. To ensure that the corporate governance is effectively practiced, the Board has established self-regulatory and monitoring mechanisms, including the establishment of the AC to ensure that the Company maintains a sound system of internal controls to safeguard the shareholders’ investments and the Group’s assets as well as to manage potential risks. The AC consists of three (3) Independent Non-Executive Directors as follows:

Loh Yih, Chairman	(Lead Independent)
Neo Gim Kiong	(Independent)
Lo Yew Seng	(Independent)

REPORT OF CORPORATE GOVERNANCE

Loh Yih, Neo Gim Kiong and Lo Yew Seng, do not have any existing business or professional relationship with the Group, Directors or substantial shareholders of the Company. None of the AC members are related to other Directors or substantial shareholders of the Company.

The Board is satisfied that the AC members, collectively, have relevant accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibilities.

The AC meets on a half-yearly basis and plays a key role in assisting the Board to review significant financial reporting issues and judgements to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Group's financial performance. During FY2021, the AC held two meetings with full attendance.

The members of the AC carry out their duties in accordance with a set of written Terms of Reference which includes, mainly, the following:

- assisting the Board in discharging its responsibilities on financial reporting matters;
- reviewing, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and Management's response, and results of our audits compiled by the internal auditors and external auditors;
- reviewing the periodic consolidated financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Listing Rules of SGX-ST and any other statutory and regulatory requirements;
- reviewing the effectiveness and adequacy of the internal control procedures addressing financial, operational, compliance and information technology risks, and ensure co-ordination between the internal auditors and external auditors together with the Management, reviewing the assistance given by the Management to the auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management) at least annually;
- reviewing the adequacy, effectiveness, scope and results of the Company's internal audit function and external audit, and the independence and objectivity of the internal auditors and external auditors;
- reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- making recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing significant financial reporting issues and judgements with the Financial Controller and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the Financial Controller and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;

REPORT OF CORPORATE GOVERNANCE

- reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual (if any);
- reviewing any potential conflicts of interest;
- reviewing the suitability of the Financial Controller and the adequacy of the finance team on an on-going basis;
- reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;
- undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- reviewing the financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;
- reviewing the Group's compliance with such functions and duties as may be required by statute or the Listing Rules of the SGX-ST, and by such amendments made thereto from time to time;
- reviewing the policy and arrangements by which the staff may, in confidence and safely, raise concerns about improprieties in matters of financial reporting or other matters, and to ensure that those arrangements are in place for independent investigations of such matters and for appropriate follow-up. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle blowing policy and procedures for raising such concerns;
- undertaking generally such other functions and duties as may be required by law or the Listing Rules of the SGX-ST, and by such amendments made thereto from time to time; and
- Reviewing the assurance from the CEO and Financial Controller on the financial records and financial statements.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The AC has oversight of the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the external auditors. The AC has explicit authority to investigate any matters relating to the Group's accounting, auditing, internal controls and/or financial practices brought to its attention, full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC had reviewed transactions falling within the scope of the terms of reference of AC in respect of the interested person transactions and the Listing Manual of the SGX-ST.

REPORT OF CORPORATE GOVERNANCE

The AC had reviewed and discussed with the external auditors as well as the Management for both the half-year and annual financial statements before submission to the Board for its approval. The AC discussed with the Management on the accounting treatment and methodology applied as well as the assumptions used in judgemental assessment which might impact the result of the financial statements. The external auditors have audited the financial statements of the Group and highlighted two significant areas of focus that might significantly impact the financial statements. The AC reviewed and discussed with the external auditors, and concluded that the allowance for inventory obsolescence and recoverability of trade receivables were areas of focus for the external auditors and they have been included as Key Audit Matters in the Independent Auditors' Report on pages 69 to 71 of the Annual Report:-

Significant Areas	How the AC reviewed these and what decisions were made
<ul style="list-style-type: none"> Allowance for inventory to net realisable value 	<p>The AC reviewed and evaluated the appropriateness of the Group's policies on allowance for inventory to net realizable value process and is of the view that the Group's policy on allowance for inventory obsolescence presented by Management together with the external auditor's audit procedures was adequate and satisfactory considering the impact of COVID-19 pandemic on the Group.</p> <p>The AC also reviewed the audit report and findings presented by the external auditor during the full-year financial result's meeting.</p>
<ul style="list-style-type: none"> Assessment of expected credit losses of trade receivables 	<p>The Group's trade receivables include balances due from both commercial and retail customers. The allowance for ECL is established on the basis of making debtor specific impairment loss provision, which is based on the assessment of the ability of individual debtors, who are credit impaired, to pay and for remaining trade receivable balances, by determining the default rates to be applied against trade receivables after the specific impairment loss provision.</p> <p>The assessment of the debtor's ability to pay are based on the age of the balances, payment history, status of negotiations with debtors and other external information available to management to assess the creditworthiness of the debtor. The default rates are based on the Group's historical credit loss experience, profiling customers by credit risk characteristics and are adjusted for forward-looking factors specific to the debtors and the economic environment, and considering the impact of COVID-19 on customers and their ability to pay within the credit period.</p> <p>The AC reviewed information provided by Management and the external auditors in relation to the assessment basis used as well as the specific impairment loss to determine the level of allowance for expected credit losses, and was satisfied that the level of allowance for expected credit losses for the Group was adequate as of 31 March 2021.</p>

The external auditors have unrestricted access to the AC. The AC met with the external auditors, without the presence of the Management, and reviewed the overall scope of the external audit and the assistance given by the Management to the auditors.

The AC had reviewed and discussed with the external auditors for any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response.

The AC also reviewed the independence and objectivity of the external auditors and has reviewed the scope and value of non-audit services provided to the Group by the external auditors, Messrs. Ernst & Young LLP. The aggregate amount of audit fees paid or payable to the external auditors for FY2021 is S\$114,000. No non-audit fee was paid to the external auditors during FY2021. The AC was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC is also of the view that the scope of audit, experience levels of staff and quality of the audits are adequate. The AC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent auditors. The AC has recommended to the Board the nomination of Messrs Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming AGM.

REPORT OF CORPORATE GOVERNANCE

Both AC and the Board have reviewed the appointment of different auditors for its subsidiaries and/or significant associated companies and satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.

Accordingly, the Company has complied with Rules 712, 715(2) and 716 of the Listing Rules of the SGX-ST in relation to the appointments of external auditors.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and has had the full co-operation of the Management. It also has full discretion to invite any Director or any member of the Management to attend its meetings or be provided with reasonable resources to enable it to discharge its functions properly.

In addition to the activities undertaken to fulfill its responsibilities, the AC will seek advice from the Management, Company Secretary and external auditors in order to keep abreast of the changes in accounting standards and issues, SGX-ST listing rules and other codes and regulations which could have an impact on the Group's business and financial statements.

In addition, there was no former partner or Director of the Company's existing auditing firm or auditing corporation who is a member of the AC of the Company: (a) within a period of 2 years commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for so long as he has any financial interest in the auditing firm or auditing corporation.

Whistle Blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has implemented a Whistle Blowing Policy. The Policy stipulates the mechanism by which concerns about plausible improprieties in matters of financial reporting, etc., may be raised. A dedicated secured e-mail address allows whistle blowers to contact the AC directly. The Whistle Blowing Policy, its procedures and contact details of the AC have been made available to all employees.

The Company's Whistle Blowing Policy allows not just employees but also external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith.

The AC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The AC reports to the Board any issues/concerns received by it at the ensuing Board meeting. Should the AC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

No whistle-blowing concerns were reported for FY2021.

Internal Audit

The AC's responsibilities over the Group's internal controls include reviewing the scope and effectiveness of the overall internal audit system, programmes and various aspects of internal controls and risk management are complemented by the work of the internal auditors.

YLA is engaged as independent internal auditor to perform internal audit review on the various business processes of the Group. The Company's internal audit function is independent of the activities it audits. YLA is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, trading, retail and property development industries. YLA is staffed with professionals with relevant qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors. YLA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors in carrying out its work.

The primary reporting line of the internal audit function is to the AC, the AC approves the hiring, removal, evaluation and compensation of the internal auditors. By engaging YLA as its internal auditors, the AC believes that YLA is independent, adequately and effectively resourced to perform internal audit review as YLA has received full cooperation from Management.

REPORT OF CORPORATE GOVERNANCE

The internal auditors' carrying out of their audit work is in accordance with the standards set by the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC ensures that Management provides good support to the internal auditors and provides them with access to documents, records, properties and personnel when requested in order for the internal auditors to carry out their work accordingly. The internal auditors also have unrestricted access to the AC on internal audit matters. The AC will review internal audit reports of the Group. Any material non-compliance or failures in internal control and recommendations for improvements will be reported to the AC.

The AC also convenes a meeting with the internal auditors without the presence of Management to discuss matters relating to the internal audits, at least on an annual basis.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholders Rights and Conduct of General Meetings

Principle 11: *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

Principle 12: *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

Shareholders Rights

The Company believes in regular, effective and fair communication with members of the investment community and investing public and has adopted a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance that could have a material impact on the price or value of its shares.

Shareholders are informed of general meetings through notices published in the Company's announcements via SGXNET as well as through the Company's official website and the reports/circulars sent to all shareholders. Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the scrutineers at such general meetings.

The Constitution of the Company allows an individual shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings. Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the shareholders' meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

Conduct of General Meetings

The Group supports and encourages active shareholders' participation at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company's website.

The Company's Constitution allows all shareholders to appoint proxy(ies) to attend general meetings and vote on their behalf. Voting in absentia and by mail, electronic mail or facsimile may be possible at the Directors' discretion to approve or implement, subject to the security measures as may be deemed necessary or expedient to ensure that the integrity of the information and authentication of the identity of shareholder(s) is not compromised. Separate resolutions are tabled on each substantially separate issue at general meetings unless the issues are interdependent and linked so as to form one significant proposal and if such, the explanatory notes are set out in the notices of general meetings to explain the reasons and its material implications. All Directors including Chairman of the Board and the respective Chairman of the Board Committees, senior management and the external auditors are invited to be in attendance at general meetings to address any queries of the shareholders. Shareholders are encouraged to meet and communicate with the Board and vote on all resolutions.

REPORT OF CORPORATE GOVERNANCE

All Directors attended the annual general meeting in respect of FY2020 which was held on 28 August 2020.

The Company Secretary prepares minutes of general meetings that include substantial and pertinent comments from shareholders relating to the agenda of the meetings and responses from Management and the Board, subsequently approved by the Board. Such minutes will be published on its corporate website as soon as practicable and the minutes will record substantial and relevant comments or queries from the shareholders relating to the agenda of the general meeting, and responses from the Board and Management going forward.

The Board acknowledges voting by poll is integral in the enhancement of corporate governance and lead to greater transparency of the level of support for each resolution where shareholders are accorded rights proportionate to the shareholding and all votes counted. To enhance shareholders' participation, the Group puts all resolutions at general meetings to vote by manual poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage via SGXNET after the general meetings. At present, the Company does not conduct voting by poll via electronic polling method as shareholders' turn-out at general meetings have been manageable.

Due to the COVID-19 restriction orders in Singapore, the Company will apply and adopt the alternative arrangements for the convening, holding and conducting of the AGM for FY2021 in accordance with the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"), as set out in the second column of the First Schedule of the Order. Minutes of the AGM to be held on 26 July 2021 will be published on the SGXNET and also at the Company's corporate website within one (1) month after the AGM date.

Engagement with Shareholders

The Group acknowledges the importance of regular communication with shareholders and investors through which shareholders can have an overview of the Group's performance and operations. In line with the continuous disclosure obligations under the Listing Rules of the SGX-ST and the Singapore Companies Act, Chapter 50, the Board has established a policy to inform shareholders promptly of all major developments that may have material impact on the Group.

The Board embraces openness and transparency in the conduct of the Group's affairs, whilst safeguarding its commercial interests. Material information on the Group has been released to the public through the Company's announcements via the SGXNET.

The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. Information is communicated to shareholders on a timely basis through the Company's annual report, circulars to shareholders (if any), half-yearly financial results and the various announcements.

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGXST via SGXNET.

Financial results of the Company and the Group are required to be released within 45 days from the half year financial year ended and 60 days from the full year financial year ended during a year.

Accordingly, the financial results of the Company and the Group were released within 45 days from the half year financial year ended and within the above timeline in respect of the full year financial results i.e. 24 May 2021 in respect of FY2021.

In addition, the annual report is distributed to shareholders and/or published via SGXNET within the mandatory period before the AGM .

To further enhance its communication with investors, the Company has enhanced its website, <http://www.banleong.com> where the public can assess information of the Group directly.

The Group strongly encourages shareholders' participation at the AGM which is held at Singapore. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business related matters through dialogue sessions. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

REPORT OF CORPORATE GOVERNANCE

The Company does not have a fixed dividend policy but it is committed to achieving sustainable income and growth to enhance total shareholder return. The Group aims to balance cash return to shareholders and investment for sustaining growth, while aiming for an efficient capital structure. The Company strives to provide consistent and sustainable ordinary dividend payments to its shareholders. The Board is recommending S\$0.025 per ordinary share for FY2021 as the tax exempt (one-tier) final dividend payable to the shareholders, subject to the approval of shareholders at the forthcoming AGM. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

- the results of operations and cash flow;
- the expected financial performance and working capital needs;
- future prospects; and
- capital expenditures and other investment plans;

as well as general economic and business operations in regional basis and other factors deemed relevant by the Board and statutory restrictions on the payment of dividends.

The Company is committed to achieving sustainable income and growth to enhance total shareholder return although it does not have a fixed dividend policy.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations as provided in the Group's 2021 Sustainability Report. The Company has regularly engaged its stakeholders through various channels to ensure that the business interests of the Group are aligned with those stakeholders, to understand and address the concerns so as to improve services and products standards, as well as to sustain business operations for long-term growth. The Company takes a pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Pertinent information and news are regularly conveyed to the stakeholders through SGXNet.

Additionally, the Company maintains a corporate website at <http://www.banleong.com> to communicate and engage with stakeholders through the contact information of the Company which can be found on the website.

OTHER CORPORATE GOVERNANCE MATTERS

DEALING IN SECURITIES

(Rule 1207(19) of the Listing Manual of SGX-ST)

The Group has adopted internal codes in relation to dealings in the Company's securities pursuant to the SGX-ST's Best Practices Guide that is applicable to all its officers. All Directors and officers of the Group who have access to "price-sensitive" information are required to observe this Code. Under the code of conduct, the Directors and these officers of the Group are prohibited from dealing in the Company's securities during the period commencing on 1st April for the full year financial results, and 1st October for the half year financial results, and ending on the date of the announcement of the relevant results, or if they are in possession of unpublished material price-sensitive information of the Group. In addition, the Directors and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. To facilitate compliance, reminders via electronic mail are issued to all directors and staff prior to the applicable trading black-outs period. The Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two (2) business days of the transactions.

The Board is satisfied with the Group's commitment in compliance with the Code and on the adequacy of internal controls within the Group.

REPORT OF CORPORATE GOVERNANCE

The Board wishes to reaffirm that the officers do not deal in the Company's securities on short-term considerations pursuant to the SGX-ST's best practices on dealings in securities.

INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Listing Manual of SGX-ST)

As a listed company on the SGX-ST, the Company has taken the following steps to ensure compliance with the requirements of the Chapter 9 of the Listing Manual of SGX-ST in relation to the interested person transactions, including ensuring that interested person transactions are properly reviewed, approved, and conducted on an arm's length basis.

The AC reviewed the interested persons transactions ("IPTs") reported by the Management on a half-yearly basis, The IPTs are consistently reviewed by the Management and all findings were reported during the AC meetings.

The Company has obtained a shareholders mandate for interested person transactions on 12 February 2016. Details of the interested person transactions for FY2021 as required pursuant to Rule 907 of the Listing Manual of SGX-ST are as follows:-

Name of interested person	Nature of relationship	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
**Hong Kong Lava Technology Limited ("Hong Kong Lava")	As associate to the Company's controlling shareholder, Mr. Wang Wei under Chapter 9 of the Listing Rules.	-	S\$6,857,591

** Hong Kong Lava, a company which is 100% owned by Mr. Wang Wei, a controlling shareholder of the Company.

The AC has established procedures to ensure that all the IPTs are reported to the AC on timely basis and the transactions are carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders as well as all the relevant rules under Chapter 9 of the Listing Manual of SGX-ST are complied with. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

MATERIAL CONTRACTS

(Rule 1207(8) of the Listing Manual of SGX-ST)

Save for service agreement between the Company and Executive Director and the IPTs as disclosed in this report, there were no other material contracts of the Company and its subsidiaries involving the interests of the MD or any Director or controlling shareholder, either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

CORPORATE DISCLOSURE

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. Hence, the Company is committed to provide a high level of disclosure in all public announcements, press releases and annual reports.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Ronald Teng Woo Boon and Lo Yew Seng are the Directors seeking re-election pursuant to the Articles 107 and 108 of the Company's Constitution at the forthcoming AGM (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	RONALD TENG WOO BOON	LO YEW SENG
Date of Appointment	18 June 1993	12 May 2015
Date of last re-appointment (if applicable)	26 July 2019	26 July 2019
Age	52	53
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution, performance, attendance, preparedness, participation, candour and suitability for the following re-election of Directors of the Company:</p> <ol style="list-style-type: none"> 1) Ronald Teng Woo Boon – Managing Director; and 2) Lo Yew Seng – Non-Executive, Independent Director <p>The Board has reviewed and concluded that Ronald Teng Woo Boon and Lo Yew Seng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive
	<p>Mr Ronald Teng Woo Boon is responsible for managing the overall business operations and profitability of the Group. His responsibilities include formulating and executing the Group's business strategies and policies as well as charting the growth of the Group. He also spearheads the sales and marketing function of the Group.</p>	
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director	Non-Executive, Independent Director, Member of the Audit Committee, Nominating Committee and Remuneration Committee

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	RONALD TENG WOO BOON	LO YEW SENG
Professional qualifications	Bachelor of Science specialised in Computer and Information Science from National University of Singapore	<ul style="list-style-type: none"> Bachelor Degree in Arts and Social Sciences from National University of Singapore (NUS), majoring in Economics General Management Program at NUS Business School
Working experience and occupation(s) during the past 10 years	Ban Leong Technologies Limited and its related corporations	Founder and Director of Capella Capital Pte Ltd and Capella Management Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	<p>Direct interest: 26,662,000 ordinary shares (23.41%)</p> <p>Deemed interest: 3,400,000 ordinary shares (2.99%) through his spouse, Teo Su Ching</p>	<p>Direct interest: 1,506,000 ordinary shares (1.32%)</p>
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	<p>Ronald Teng is the spouse of Teo Su Ching, Human Resource Director, who is also the Director of Digital Hub Pte. Ltd..</p> <p>However, Teo Su Ching has resigned as the Human Resource Director effective from 31 May 2021.</p>	None
Conflict of Interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* including Directorships#	Yes	Yes
<p>* "Principal Commitments" has the same meaning as defined in the Code.</p> <p># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</p>		

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	RONALD TENG WOO BOON	LO YEW SENG
Past (for the last 5 years)	<ul style="list-style-type: none"> Ban Leong Technologies Australia Pty Ltd 	<ul style="list-style-type: none"> Jackspeed Corporation Ltd Higson International Pte Ltd Sirius Angel Fund Pte Ltd
Present	<ul style="list-style-type: none"> Ban Leong Technologies Sdn Bhd Ban Leong Chin Inter Co., Ltd. BLC (China) Ltd Digital Hub Pte. Ltd. AV Labs International Pte. Ltd. 	<ul style="list-style-type: none"> Capella Capital Pte Ltd Capella Management Pte Ltd LC Capital Limited HNA Belt and Road Investments (Singapore) Pte Ltd CWT Pte Ltd Ultima United Limited

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

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	RONALD TENG WOO BOON	LO YEW SENG
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	RONALD TENG WOO BOON	LO YEW SENG
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Disclosure applicable to the appointment of Director only

Any prior experience as a director of a listed company?	N/A	N/A
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If yes, please provide details of prior experience.

If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Loh Yih and Neo Gim Kiong are the Directors seeking re-appointment pursuant to Rule 210(5) (d)(iii) of the Listing Manual of the SGX-ST at the forthcoming AGM (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	LOH YIH	NEO GIM KIONG
Date of Appointment	12 May 2005	1 July 2004
Date of last re-appointment (if applicable)	28 August 2020	28 August 2020
Age	57	51
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Nominating Committee has recommended the following proposal be submitted to the shareholders for approval at the AGM to approve the appointment of Loh Yih and Neo Gim Kiong as Independent Directors (as their tenure have exceeded nine years) pursuant to Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which will take effect on 1 January 2022.</p> <p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the contribution, performance, attendance, preparedness, participation, candour and suitability for the following re-appointment of Directors of the Company:</p> <ol style="list-style-type: none"> 1) Loh Yih – Non-Executive, Lead Independent Director; and 2) Neo Gim Kiong – Non-Executive, Independent Director <p>The Board has reviewed and concluded that Loh Yih and Neo Gim Kiong possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p> <p>In addition, the Board, having reviewed independence of Loh Yih and Neo Gim Kiong and taking into account the deliberations of the NC, is of the view that they are able to exercise independent and objective judgement considering that there are no relationships or circumstances which may affect their judgement and ability to discharge their duties and responsibilities as independent directors.</p>	
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	LOH YIH	NEO GIM KIONG
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive, Lead Independent Director, Chairman of the Audit Committee and Remuneration Committee, Member of the Nominating Committee.	Non-Executive, Independent Director, Chairman of Nominating Committee, Member of the Audit Committee and Remuneration Committee.
Professional qualifications	Bachelor Degree in Accountancy (Honours) from National University of Singapore (NUS)	Bachelor of Science Degree in Mathematics with Honours from the National University of Singapore (NUS)
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> • Managing Director of MGF Management Pte Ltd • Managing Director and Executive Director of Acesian Partners Limited 	<ul style="list-style-type: none"> • Founding Director of Bizmen Corporation Pte. Ltd. • Executive Director and Chief Executive Officer of Jackspeed Corporation Limited • Executive Director and Chief Executive Officer of Sen Yue Holdings Limited
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 4,500,000 ordinary shares (3.95%)	Direct interest: 3,094,100 ordinary shares (2.72%)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of Interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* including Directorships#	Yes	Yes

* "Principal Commitments" has the same meaning as defined in the Code.

These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	LOH YIH	NEO GIM KIONG
Past (for the last 5 years)	<ul style="list-style-type: none"> Trek2000 International Ltd Weichai Power Co., Limited International Press Softcom Limited (now known as IPSCOM Pte. Ltd.) 	<ul style="list-style-type: none"> Audion Innovision Pty Ltd Trek2000 International Ltd Ban Leong Technologies Australia Pty Ltd Gifted and Talented Education Pte. Ltd. Astaka Holdings Limited International Press Softcom Limited (now known as IPSCOM Pte. Ltd.) Sen Yue Holdings Limited
Present	<ul style="list-style-type: none"> MGF Management Pte Ltd Cavangh Group Pte Ltd Acesian Partners Limited MGF Capital Limited Shandong Heavy Industry Group Memontum Pte Ltd Pillocomm Pte Ltd 	<ul style="list-style-type: none"> Dollar Tree Inc Pte Ltd Bizmen Corporation Pte. Ltd. AV Labs International Pte. Ltd. BLC (China) Ltd SYH E-Waste Management Pte. Ltd. SYH Resources Pte. Ltd. PNE-Sino Pte Ltd Acesian Partners Limited PNE Micron Engineering Sdn. Bhd. PNE Marvellous Sdn. Bhd. CED System Sdn. Bhd. Hong Nam Industry (M) Sdn. Bhd. PNE Micron (Kuala Lumpur) Sdn. Bhd. PNE Precision Sdn. Bhd. Macore Technology (M) Sdn. Bhd. SMC Industrial (HK) Limited SMC Industrial (UK) Co Ltd

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

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
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DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	LOH YIH	NEO GIM KIONG
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	Yes ¹
(c) Whether there is any unsatisfied judgement against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	LOH YIH	NEO GIM KIONG
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	No	Yes ²
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or		
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	Yes ³

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

LOH YIH

NEO GIM KIONG

Disclosure applicable to the appointment of Director only

Any prior experience as a director of a listed company? N/A

N/A

If yes, please provide details of prior experience.

If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

¹ Neo Gim Kiong was a director of Sen Yue Holdings Limited ("SYH"), which was placed under judicial management on 10 May 2021. Please refer to the announcements released by SYH for more information.

² Neo Gim Kiong was a director of SYH from April 2015 to April 2021. Upon his resignation as a Director, he remains as a Chief Executive Officer of SYH. He had lodged a police report on behalf of SYH in relation to certain findings by the internal auditor about the Chairman of SYH. A Commercial Affairs Department ("CAD") investigation was commenced on 27 January 2021 (further details of which can be found in the announcements of SYH) against the Chairman of SYH, and SYH was ordered to produce certain documents and information in relation to offences under the Penal Code (Cap. 224) and the Securities and Futures Act (Cap. 289).

³ Around 2013, Neo Gim Kiong was investigated by CAD regarding his involvement for the non-compliance of Section 162 of the Companies Act, Cap. 50 in relation to the grant of staff loan to a director of a subsidiary of a Singapore Listed company around October 2009 without prior shareholder approval of that subsidiary. Neo Gim Kiong was the Chief Executive Officer of the listed company at the relevant time. The staff loan was a sum of S\$50,000, which was granted to that subsidiary's director to pay for medical expenses of his mother, was granted with joint approval of the Chairman of the board of listed company in accordance with the authority approval matrix of the listed company, and the Group Financial Controller/Company Secretary was also involved in handling the procedures relating to the loan. The staff loan was repaid in full by the relevant director in May 2010. Neo Gim Kiong was issued with a letter of warning by CAD in January 2014 in relation to the same. No charges were filed.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2021.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company 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 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

Ronald Teng Woo Boon	(Managing Director)
Loh Yih	(Lead Independent Non-Executive Director)
Neo Gim Kiong	(Independent Non-Executive Director)
Lo Yew Seng	(Independent Non-Executive Director)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ban Leong Technologies Limited				
Ordinary shares				
Ronald Teng Woo Boon	26,066,000	26,662,000	3,208,000 ⁽¹⁾	3,400,000
Loh Yih	4,500,000	4,500,000	–	–
Neo Gim Kiong	3,094,100	3,094,100	–	–
Lo Yew Seng	1,506,000	1,506,000	–	–

(1) Relates to shares held by Ms Teo Su Ching, spouse of Mr Ronald Teng Woo Boon

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2021.

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

5. OPTIONS

No options were issued by the Company or its subsidiaries during the financial year. As at 31 March 2021, there are no options on the unissued shares of the Company or its subsidiaries which are outstanding.

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the Audit Committee at the date of this statement are as follows:

Loh Yih (Chairman)
 Neo Gim Kiong
 Lo Yew Seng

The financial statements, accounting policies and system of internal accounting controls are the responsibility of the Board of Directors acting through the Audit Committee. The Audit Committee met twice during the financial year to review the scope of work of the statutory auditors, and the results arising therefrom. The consolidated financial statements of the Group were reviewed by the Audit Committee prior to their submission to the directors of the Company for adoption.

The audit committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the half year announcement and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, internal auditor, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The Audit Committee has reviewed all non-audit services provided by the external auditors of the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The Audit Committee has also conducted a review of interested person transactions.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

7. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Ronald Teng Woo Boon
Director

Neo Gim Kiong
Director

Singapore
28 June 2021

INDEPENDENT AUDITOR'S REPORT

to the members of Ban Leong Technologies Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2021 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

to the members of Ban Leong Technologies Limited

Key Audit Matters (cont'd)

Allowance for inventory to net realisable value

As at 31 March 2021, the Group's and the Company's net inventories and the allowance for inventory to net realisable value amounted to S\$24.8million (Company: S\$13.6million) and S\$0.3million (Company: S\$0.1million) respectively. The allowance for inventory net realisable value relates to finished goods written down to estimated recoverable value due to rapid technological changes and consumption patterns. We focused on this area as inventory carrying amount is material to the financial statements, and the determination of inventory net realisable value requires a high level of management judgement, especially during the current COVID-19 pandemic.

We performed the following audit procedures, amongst others, in response to the above mentioned key audit matter:

- Obtained an understanding and evaluated the Group's processes and controls relating to the purchasing and costing of inventory including the enhanced controls put in place by management due to the COVID-19 pandemic;
- Tested the inventory costing by checking the costs incurred to supporting documents and performing re-computation of the weighted average costing; and
- Evaluated the adequacy of the allowance for inventory to net realisable value through the following:
 - Testing the inventory ageing report to identify slow moving inventory; reviewed on sample basis that inventory items are categorised appropriately in the relevant ageing bracket; inquire with management and establish if there are any known slow moving or obsolete inventory; and
 - Reviewing the basis of management's assessment of inventory net realisable value by product and by brands and testing management's assessment on a sample basis by:
 - comparing the net realisable value of a sample of products to selling prices subsequent to the balance sheet date;
 - reviewing the historical and subsequent sales to ascertain that inventory holding balances does not exceed expected demand;
 - considering the potential impact of the COVID-19 pandemic on the net realizable value through discussions with management, observation of the subsequent sales and assessment of price support from suppliers;
 - where selling price is lower than cost or where there are no sales during the year or subsequent to the balance sheet date, or when the expected demand is lower than the inventory holding balances, we inquire with management and assess whether upcoming marketing and sales programs will generate sufficient demand and whether the shortfall difference between selling price and cost will be reimbursed by the suppliers; and
 - where such costs were not reimbursed by the suppliers, we assessed the adequacy of allowance for inventory obsolescence determined by the management.

We also assessed the adequacy of the Group's disclosures on the key sources of estimation uncertainty in relation to allowance for inventory to net realisable value and inventories in Note 3.2(i) *Allowance for inventory to net realisable value* and Note 17 *Inventories* to the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the members of Ban Leong Technologies Limited

Key Audit Matters (cont'd)

Assessment of expected credit losses of trade receivables

As at 31 March 2021, the Group's and the Company's trade receivables after allowance for expected credit losses ("ECL") amounted to S\$23.2million (Company: S\$16.3million) and S\$0.2million (Company: S\$0.1million) respectively. The Company's trade receivables balance includes amounts due from subsidiaries of S\$1.7million.

The allowance for ECL is established on the basis of making debtor specific impairment loss provision, which is based on the assessment of the ability of individual debtors who are credit impaired, and for remaining trade receivable using a provision matrix by grouping customers based on customer profiles, adjusted for current and forward-looking information.

The assessment of the debtor's financial ability to repay are based on the age of the balances, payment history, status of negotiations with debtors and other external information available to management to assess the creditworthiness of the debtor. The default rates are based on the Group's historical credit loss experience, profiling customers by credit risk characteristics and are adjusted for forward-looking factors specific to the debtors and the economic environment where the debtors operate. In addition, management has also considered and factored in the forecasted GDP and the forward-looking adjustment required to the historical default rate arising from the COVID-19 pandemic. These require management to apply judgement in the estimation process. As the trade receivables form a significant part of the Group's balance sheet and its estimation of ECL entails significant estimation uncertainty, we determined this as a key audit matter.

We performed the following audit procedures, amongst others, in response to the above mentioned key audit matter:

- Obtained an understanding of the Group's processes and controls relating to the monitoring of outstanding debts due including the enhanced controls arising from the COVID-19 pandemic and review of credit risks of customers which includes publicly available information of its debtors to monitor credit risk;
- Circularised trade receivables confirmations on a sample basis. For non-replies, we obtained evidence of cash receipts subsequent to the year-end and/or vouched to supporting sales and delivery documents, where appropriate; and
- Evaluated management's assumptions and estimates used to determine the allowance for ECL through the following:
 - Assessed the Group's policies and procedures for measuring expected credit losses;
 - Reviewed management's assessment of the debtor's financial ability to repay by reviewing overdue trade receivable balances, payment history, correspondences with debtors on expected settlement dates, and other external information available to management;
 - Reviewed management's determination of the default rates by verifying historical credit loss experience, reviewing the appropriateness of management's customer profiling by credit risk characteristics and reasonableness of management's key data sources and assumptions used in the computation of loss rate and forward-looking factors such as economic data and external information taking into consideration the current market condition;
 - Checked the arithmetic accuracy of the allowance for ECL computation;
 - Tested the trade receivables ageing report for accuracy of ageing;
 - Discussed with management on the collectability of trade receivables and inquired management if there are any known customers which are potentially impacted by the COVID-19 pandemic which may then affect their ability to repay their debts; and
 - Reviewed credit notes issued subsequent to year-end.

We also assessed the adequacy of the Group's disclosures on the key sources of estimation uncertainty in relation to impairment of loans and receivables, trade receivables and the related risks such as credit risk and liquidity risks in Note 3.2(ii) *Allowance for expected credit losses*, Note 18 *Trade receivables* and Note 29(d) *Credit risk* to the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the members of Ban Leong Technologies Limited

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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.

INDEPENDENT AUDITOR'S REPORT

to the members of Ban Leong Technologies Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the members of Ban Leong Technologies Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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 Hah Yanying.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
28 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Notes	Group	
		2021	2020
		\$	\$
Revenue	4	182,681,580	150,234,204
Cost of sales		(162,649,686)	(135,295,541)
Gross profit		20,031,894	14,938,663
Other income		1,844,563	694,327
Allowance for expected credit losses		(110,901)	(50,626)
Selling and distribution expenses		(7,387,984)	(6,948,917)
General and administrative expenses		(6,439,917)	(5,424,278)
Profit from operating activities before foreign exchange		7,937,655	3,209,169
Foreign exchange gain, net		877,071	574,363
Profit from operating activities		8,814,726	3,783,532
Finance costs	5	(93,334)	(162,423)
Finance income	5	12,090	20,627
Profit before tax	6	8,733,482	3,641,736
Income tax expense	8	(1,459,009)	(658,386)
Profit for the year		7,274,473	2,983,350
Profit attributable to:			
Owners of the Company			
Profit, net of tax		7,026,635	2,857,930
Non-controlling interests			
Profit, net of tax		247,838	125,420
Profit for the year		7,274,473	2,983,350

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Notes	Group	
		2021	2020
		\$	\$
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		154,326	(46,371)
Other comprehensive income for the year, net of tax		154,326	(46,371)
Total comprehensive income for the year, net of tax		7,428,799	2,936,979
Total comprehensive income attributable to:			
Owners of the Company			
Total comprehensive income, net of tax		7,203,045	2,765,552
Non-controlling interests			
Total comprehensive income, net of tax		225,754	171,427
Total comprehensive income for the year, net of tax		7,428,799	2,936,979
Earnings per share (cents per share)			
Basic and diluted	9	6.17	2.51

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2021

	Notes	Group		Company	
		2021 \$	2020 \$	2021 \$	2020 \$
Non-current assets					
Property, plant and equipment	11	890,252	1,236,088	755,628	1,096,649
Right-of-use assets	12	2,438,366	2,944,601	1,893,247	2,537,595
Investment in subsidiaries	13	–	–	591,410	119,182
Investment in unquoted equity shares	14	–	–	–	–
Deferred tax assets	15	78,753	30,275	–	–
Intangible assets	16	–	–	–	–
		3,407,371	4,210,964	3,240,285	3,753,426
Current assets					
Inventories	17	24,754,804	21,136,221	13,615,523	11,250,905
Prepayments		157,164	206,240	127,650	174,527
Trade receivables	18	23,214,552	22,059,899	16,280,162	20,885,492
Other receivables and deposits	19	922,296	4,466,904	781,495	3,618,677
Cash and cash equivalents	20	20,674,918	14,842,141	14,940,342	9,462,906
		69,723,734	62,711,405	45,745,172	45,392,507
Current liabilities					
Trade payables	21	19,756,316	17,590,455	11,785,535	14,558,930
Bills payable to banks (unsecured)	22	1,370,484	773,652	761,737	773,652
Short-term loans	22	600,000	3,350,000	600,000	3,350,000
Other payables and accruals	23	8,283,061	7,562,722	6,416,948	6,863,125
Lease liabilities – current portion	12	983,515	900,216	694,603	691,014
Income tax payable		1,142,912	649,561	1,040,497	523,385
		32,136,288	30,826,606	21,299,320	26,760,106
Net current assets		37,587,446	31,884,799	24,445,852	18,632,401
Non-current liabilities					
Lease liabilities	12	1,529,566	2,157,481	1,268,174	1,965,564
Deferred tax liabilities	15	35,106	57,666	35,106	57,666
		1,564,672	2,215,147	1,303,280	2,023,230
Net assets		39,430,145	33,880,616	26,382,857	20,362,597
Equity attributable to owners of the Company					
Share capital	24(a)	11,173,106	11,173,106	11,173,106	11,173,106
Returned shares	24(b)	(104,822)	(104,822)	(104,822)	(104,822)
Treasury shares	24(b)	(586,632)	(570,703)	(586,632)	(570,703)
Retained earnings		26,751,565	21,148,186	15,901,205	9,865,016
Other reserve	25	65,685	65,685	–	–
Foreign currency translation reserve	25	216,445	40,035	–	–
		37,515,347	31,751,487	26,382,857	20,362,597
Non-controlling interests		1,914,798	2,129,129	–	–
Total equity		39,430,145	33,880,616	26,382,857	20,362,597

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

As at 31 March 2021

	Attributable to owners of the Company									
	Share capital	Returned shares	Treasury shares	Retained earnings	Other reserve	Foreign currency translation reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity	
Group	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 April 2019	11,173,106	(104,822)	(570,703)	19,426,077	65,685	132,413	30,121,756	1,957,702	32,079,458	
Profit for the year	-	-	-	2,857,930	-	-	2,857,930	125,420	2,983,350	
Other comprehensive income	-	-	-	-	-	-	(92,378)	46,007	(46,371)	
Foreign currency translation	-	-	-	-	-	(92,378)	(92,378)	46,007	(46,371)	
Total comprehensive income for the year	-	-	-	2,857,930	-	(92,378)	2,765,552	171,427	2,936,979	
Dividends (Note 26(a))	-	-	-	(1,135,821)	-	-	(1,135,821)	-	(1,135,821)	
Balance as at 31 March 2020 and 1 April 2020	11,173,106	(104,822)	(570,703)	21,148,186	65,685	40,035	31,751,487	2,129,129	33,880,616	
Profit for the year	-	-	-	7,026,635	-	-	7,026,635	247,838	7,274,473	
Other comprehensive income	-	-	-	-	-	-	176,410	(22,084)	154,326	
Foreign currency translation	-	-	-	-	-	176,410	176,410	(22,084)	154,326	
Total comprehensive income for the year	-	-	-	7,026,635	-	176,410	7,203,045	225,754	7,428,799	
Purchase of treasury shares	-	-	(15,929)	-	-	-	(15,929)	-	(15,929)	
Dividends (Note 26(a))	-	-	-	(1,423,256)	-	-	(1,423,256)	(440,085)	(1,863,341)	
Balance as at 31 March 2021	11,173,106	(104,822)	(586,632)	26,751,565	65,685	216,445	37,515,347	1,914,798	39,430,145	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital	Returned shares	Treasury shares	Retained earnings	Total equity
	\$	\$	\$	\$	\$
Company					
Balance as at 1 April 2019	11,173,106	(104,822)	(570,703)	8,744,162	19,241,743
Profit for the year, representing total comprehensive income for the year	-	-	-	2,256,675	2,256,675
Dividends (Note 26(a))	-	-	-	(1,135,821)	(1,135,821)
Balance as at 31 March 2020 and 1 April 2020	11,173,106	(104,822)	(570,703)	9,865,016	20,362,597
Profit for the year, representing total comprehensive income for the year	-	-	-	7,459,445	7,459,445
Purchase of treasury shares	-	-	(15,929)	-	(15,929)
Dividends (Note 26(a))	-	-	-	(1,423,256)	(1,423,256)
Balance as at 31 March 2021	11,173,106	(104,822)	(586,632)	15,901,205	26,382,857

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	Group	
		2021 \$	2020 \$
Operating activities			
Profit before tax		8,733,482	3,641,736
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	6	1,378,127	1,315,421
Gain on disposal of property, plant and equipment	6	(221)	(2,438)
Allowance for expected credit losses	6	110,901	50,626
Allowance for inventory to net realisable value	6	255,148	203,593
Finance costs	5	93,334	162,423
Interest income	5	(12,090)	(20,627)
Loss on de-registration of subsidiary	6	143,870	-
Currency alignment		(400,541)	(76,302)
Operating profit before working capital changes		10,302,010	5,274,432
(Increase)/decrease in:			
Inventories		(3,873,731)	4,171,610
Prepayments		49,076	(117,844)
Trade receivables		(1,265,554)	(667,922)
Other receivables and deposits		1,544,608	412,724
Increase/(decrease) in:			
Trade payables		2,165,861	(5,748,073)
Other payables and accruals		720,339	1,280,951
Cash generated from operations		9,642,609	4,605,878
Interest paid		(93,334)	(162,423)
Interest received		12,090	20,627
Income tax paid		(1,036,696)	(505,337)
Net cash flows generated from operating activities		8,524,669	3,958,745
Investing activities			
Cash received from redemption of convertible note		2,000,000	-
Proceeds from disposal of property, plant and equipment		26,778	2,488
Purchase of property, plant and equipment		(124,389)	(731,119)
Net cash flows generated from/(used in) investing activities		1,902,389	(728,631)
Financing activities			
Bills payable to banks (unsecured), net		596,832	(627,211)
(Repayment of)/proceeds from short-term loans, net		(2,750,000)	850,000
Repayment of principal portion of lease liabilities		(973,682)	(995,876)
Purchase of treasury shares		(15,929)	-
Dividends paid to shareholders	26(a)	(1,423,256)	(1,135,821)
Net cash flows used in financing activities		(4,566,035)	(1,908,908)
Net increase in cash and cash equivalents		5,861,023	1,321,206
Effects of exchange rate changes on cash and cash equivalents		(28,246)	26,850
Cash and cash equivalents at the beginning of year		14,842,141	13,494,085
Cash and cash equivalents at the end of year	20	20,674,918	14,842,141

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

1. CORPORATE INFORMATION

Ban Leong Technologies Limited (the “Company”) is a limited liability company which is domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825.

The principal activities of the Company and its subsidiaries (the “Group”) are the wholesale and distribution of computer peripherals, accessories and other multimedia products and disclosed in Note 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

The consolidated financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Singapore Dollars (SGD or S\$).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group except as described below:

Amendment to SFRS(I) 16: COVID-19-Related Rent Concessions

The Group early adopted Amendment to SFRS(I) 16: COVID-19-Related Rent Concessions and has applied the practical expedient applicable in this amendment that is effective for annual periods beginning on or after 1 June 2020.

The standard allows the lessee to account for any COVID-19 related rent concessions received as a variable lease payment with the effect of the rent concession recognised directly in the consolidated statement of comprehensive income, rather than a lease modification, which generally requires a lessee to remeasure the lease liability by discounting the revised lease payments using a new discount rate under SFRS(I) 16 Leases.

Accounting for any COVID-19 related rent concessions directly in the consolidated statement of comprehensive income is permissible provided the following conditions are met:

1. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Amendment to SFRS(I) 16: COVID-19-Related Rent Concessions (cont'd)

2. Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
3. There is no substantive change to other terms and conditions of the lease.

The amount of COVID-19-related rent concessions recognised directly in the consolidated statement of comprehensive income is disclosed in Note 6. The amendment is applicable for annual reporting periods beginning on or after 1 June 2020 and earlier application is permitted. The Group has early adopted this amendment for the year ended 31 March 2021 and has applied the practical expedient available in the standard.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to SFRS (I) 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018 – 2020	1 January 2022
Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
SFRS(I) 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 17	1 January 2023
Amendments to SFRS(I) 10 and SFRS (I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The directors expect that the adoption of the standards will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company, except for BLC (China) Limited, which has accounting year ending 31 December. The consolidated financial statements incorporate the unaudited management accounts for BLC (China) Limited as at 31 March. This subsidiary does not contribute materially to the Group's results. A list of the Group's subsidiaries is shown in Note 13. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and 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 interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency

The Group's consolidated financial statements are presented in Singapore dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of reporting period are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Computers	1 – 5 years
Office equipment	5 years
Furniture & fittings	5 years
Motor vehicles	5 years
Renovation	5 years
Warehouse equipment	1 year

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Depreciation is computed on a straight-line basis over the lease term as follows:

Office and warehouse premises	2 – 5 years
Motor vehicles	5 – 7 years
Office equipment	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.11.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Leases (cont'd)

Group as a lessee (cont'd)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

2.10 Intangible assets

Trademarks

Trademarks are initially recorded at cost. Subsequent to recognition, the trademarks are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is computed on a straight-line basis over the estimated useful lives of the individual trademarks.

Trademarks are assessed for impairment whenever there is an indication that the trademarks may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the financial instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement categories for classification of debt instruments applicable to the Group are:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtor's ability to pay.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposit, which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Inventories

Inventories are finished goods that are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 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 an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

2.18 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.19 Returned and treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied, net of discounts, returns and applicable goods and services tax.

(b) *Interest income*

Interest income is recognised using the effective interest method.

2.22 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.24 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

The management has not made any significant judgements that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting date.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Allowance for inventory to net realisable value

Allowance for inventory to net realisable value is estimated based on the best available facts and circumstances, including but not limited to the stocks' own physical conditions, their market selling prices, the sales trend, estimated costs to be incurred for their sales and price protection and support provided by suppliers. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated.

The carrying amount of the Group's inventories as of 31 March 2021 is disclosed in Note 17 to the financial statements.

(ii) Allowance for expected credit losses ("ECL")

The allowance for ECL is established on the basis of making debtor specific impairment loss provision, which is based on the assessment of the ability of individual debtors who are credit impaired, and for remaining trade receivable balances by determining the default rates to be applied against trade receivables after the specific impairment loss provision.

The assessment of the debtor's ability to pay are based on the age of the balances, payment history, status of negotiations with debtors and other external information available to management to assess the creditworthiness of the debtor. The default rates are based on the Group's historical credit loss experience, profiling customers by credit risk characteristics and are adjusted for forward-looking factors specific to the debtors and the economic environment.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 18.

The carrying amount of the Group's trade receivables as at 31 March 2021 is disclosed in Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(iii) *Income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Group establishes tax provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group companies' domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable at the end of the reporting period was \$1,142,912 (2020: \$649,561). The carrying amount of the Group's deferred tax assets and deferred tax liabilities at the end of the reporting period was \$78,753 (2020: \$30,275) and \$35,106 (2020: \$57,666) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

4. REVENUE

Revenue represents sale of goods net of discounts, returns and applicable goods and services tax and are recognised at a point in time. The disaggregation of revenue by operating segments and geographical segments are disclosed in Note 31.

	Group	
	2021	2020
	\$	\$
Operating segments		
IT accessories	85,258,399	53,992,828
Multimedia	95,742,925	95,755,736
Data storage	1,680,256	485,640
	182,681,580	150,234,204
Geographical segments		
Singapore	130,082,140	120,753,172
Malaysia	28,932,394	14,333,702
Thailand	13,739,014	12,981,528
Asia ⁽¹⁾	9,526,835	1,668,936
Others ⁽²⁾	401,197	496,866
	182,681,580	150,234,204
Timing of transfer of goods or services		
At a point in time	182,681,580	150,234,204

⁽¹⁾ Asia includes China, Vietnam, Taiwan, Korea, Mongolia, Pakistan, India, Bangladesh, Nepal, Japan, Hong Kong and Asean member countries excluding Singapore, Malaysia and Thailand.

⁽²⁾ Others include countries such as Africa, America, Saudi Arabia and United Arab Emirates, Israel and Sweden.

5. FINANCE (COSTS)/INCOME

	Group	
	2021	2020
	\$	\$
Interest expense on:		
- bills payable to banks and short-term loans	(13,337)	(69,143)
- lease liabilities	(79,997)	(93,280)
	(93,334)	(162,423)
Interest income on bank balances	12,090	20,627

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

6. PROFIT BEFORE TAX

The following items have been included in arriving at profit from continuing operations:

	Group	
	2021	2020
	\$	\$
Audit fees		
- auditors of the Company	114,000	114,500
- other auditors	28,764	29,284
Depreciation of property, plant and equipment and right of use assets	1,378,127	1,315,421
Gain on disposal of property, plant and equipment	(221)	(2,438)
Allowance for inventory to net realisable value	255,148	203,593
Allowance for expected credit losses	117,688	50,626
Employee benefits expense (Note 7)	9,847,670	8,154,595
Directors' fees	119,000	152,000
Foreign exchange gain, net	(877,071)	(574,363)
Operating lease expenses	172,506	280,067
Interest income from investment in convertible note	(34,520)	(180,000)
Government grants	(1,671,398)	(305,236)
Loss on de-registration of investment in subsidiary	143,870	-

Included in government grants are COVID-19-related rent concessions amounting to \$16,593 (2020: \$NIL) and COVID-19 wage support amounting to \$1,173,946 (2020: \$NIL).

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021	2020
	\$	\$
Salaries and bonuses	7,609,708	6,538,480
Defined contribution plans	896,712	842,070
Commissions	1,085,490	633,029
Other short-term benefits	255,760	141,016
	9,847,670	8,154,595

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2021 and 2020 are:

	Group	
	2021	2020
	\$	\$
Current income tax:		
- current income taxation	1,526,116	669,825
- Under/(over) provision in respect of previous years	3,931	(81,113)
	1,530,047	588,712
Deferred income tax (Note 15):		
- origination and reversal of temporary differences	(93,393)	25,403
- Under provision in respect of previous years	22,355	44,271
	(71,038)	69,674
Income tax expense recognised in consolidated statement of comprehensive income	1,459,009	658,386

(b) Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2021 and 2020 is as follows:

	Group	
	2021	2020
	\$	\$
Profit before tax	8,733,482	3,641,736
Tax calculated at tax rate of 17%	1,484,692	619,095
Adjustments:		
Non-deductible expenses	47,624	132,457
Income not subject to tax	(215,979)	(33,610)
Effect of partial tax exemption and tax relief	(24,273)	(34,850)
Effect of different tax rates in other countries	157,385	12,136
Under/(over) provision in respect of previous years	26,286	(36,842)
Others	(16,726)	-
Income tax expense recognised in consolidated statement of comprehensive income	1,459,009	658,386

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. INCOME TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting profit (cont'd)

The corporate income tax rates applicable to the overseas subsidiaries are as follows:

Country	Corporate tax rate	
	2021	2020
	%	%
Malaysia	24	24
Thailand	20	20
China	25	25

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings per share is calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares (excluding returned and treasury shares) for basic earnings per share computation.

Diluted earnings per share is calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares (excluding returned and treasury shares) during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 March:

	Group	
	2021	2020
	\$	\$
Profit for the year attributable to owners of the Company	7,026,635	2,857,930
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computation	113,886,014	113,923,000

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares during the respective financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

10. RELATED PARTY TRANSACTIONS

(a) Sales and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties, who are not members of the Group, took place at terms agreed between the parties during the financial year:

	Group	
	2021	2020
	\$	\$
Service fee rendered to non-controlling interest of a subsidiary	2,818	777

(b) Compensation of key management personnel

	Group	
	2021	2020
	\$	\$
Salaries and bonuses	1,482,658	1,270,414
Directors' fees	119,000	152,000
Defined contributions plans	60,961	82,980
Other staff costs	19,269	35,668
Total compensation paid to key management personnel	1,681,888	1,541,062
Comprise amounts paid to:		
Directors of the Company	894,021	562,218
Other key management personnel	787,867	978,844
	1,681,888	1,541,062

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. PROPERTY, PLANT AND EQUIPMENT

Group	Computers*	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Warehouse equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 April 2019	1,132,114	586,801	464,200	1,312,968	425,019	132,248	4,053,350
Additions	199,800	138,093	124,496	–	262,024	6,706	731,119
Disposals/written-off	–	–	(669)	(21,674)	–	–	(22,343)
Exchange differences	(730)	2,728	1,356	1,521	662	2,354	7,891
At 31 March 2020 and 1 April 2020	1,331,184	727,622	589,383	1,292,815	687,705	141,308	4,770,017
Additions	71,178	19,914	1,345	31,516	–	436	124,389
Disposals/written-off	(3,021)	(1,498)	(92)	(44,652)	–	–	(49,263)
Exchange differences	(1,922)	120	(3,339)	(2,520)	(1,052)	(1,262)	(9,975)
At 31 March 2021	1,397,419	746,158	587,297	1,277,159	686,653	140,482	4,835,168
Accumulated depreciation							
At 1 April 2019	808,902	506,364	448,883	869,980	414,169	93,162	3,141,460
Charge for the year	153,161	45,685	21,694	140,414	36,680	12,317	409,951
Disposals/written-off	–	–	(639)	(21,674)	–	–	(22,313)
Exchange differences	(615)	1,756	1,159	834	434	1,263	4,831
At 31 March 2020 and 1 April 2020	961,448	553,805	471,097	989,554	451,283	106,742	3,533,929
Charge for the year	183,754	52,439	29,591	111,987	54,325	10,730	442,826
Disposals/written-off	(3,021)	(1,498)	(92)	(18,095)	–	–	(22,706)
Exchange differences	(1,821)	(1,520)	(1,292)	(2,549)	(919)	(1,032)	(9,133)
At 31 March 2021	1,140,360	603,226	499,304	1,080,897	504,689	116,440	3,944,916
Net carrying amount							
At 31 March 2020	369,736	173,817	118,286	303,261	236,422	34,566	1,236,088
At 31 March 2021	257,059	142,932	87,993	196,262	181,964	24,042	890,252

* Included in computers is software with net book value of \$204,566 (2020: \$337,577).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Computers*	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Warehouse equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 April 2019	844,866	431,192	343,081	1,067,271	335,841	35,722	3,057,973
Additions	185,114	129,318	122,502	–	250,852	1,187	688,973
At 31 March 2020 and 1 April 2020	1,029,980	560,510	465,583	1,067,271	586,693	36,909	3,746,946
Additions	55,978	8,492	–	–	–	436	64,906
Disposal	–	–	–	(44,652)	–	–	(44,652)
At 31 March 2021	1,085,958	569,002	465,583	1,022,619	586,693	37,345	3,767,200
Accumulated depreciation							
At 1 April 2019	554,975	385,231	339,535	651,686	334,359	34,588	2,300,374
Charge for the year	131,731	31,805	17,600	133,191	33,504	2,092	349,923
At 31 March 2020 and 1 April 2020	686,706	417,036	357,135	784,877	367,863	36,680	2,650,297
Charge for the year	159,802	38,936	25,649	104,450	50,171	500	379,508
Disposal	–	–	–	(18,233)	–	–	(18,233)
At 31 March 2021	846,508	455,972	382,784	871,094	418,034	37,180	3,011,572
Net carrying amount							
At 31 March 2020	343,274	143,474	108,448	282,394	218,830	229	1,096,649
At 31 March 2021	239,450	113,030	82,799	151,525	168,659	165	755,628

* Included in computers is software with net book value of \$199,615 (2020: \$332,209).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

12. LEASES

Group and Company as a lessee

The Group and the Company have lease contracts for certain office and warehouse premises, motor vehicles and office equipment used in its operations. The Group's and the Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group and the Company are restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group and the Company also have certain leases of office and warehouse equipment with lease terms of 12 months or less. The Group and the Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group	Office and Warehouse Premises	Motor Vehicles	Office equipment	Total
	\$	\$	\$	\$
1 April 2019	3,281,381	–	–	3,281,381
Additions	406,382	31,704	132,985	571,071
Charge for the year	(890,637)	(5,303)	(8,955)	(904,895)
Currency realignment	(2,975)	19	–	(2,956)
At 31 March 2020 and 1 April 2020	2,794,151	26,420	124,030	2,944,601
Additions	430,156	–	–	430,156
Charge for the year	(907,487)	(6,321)	(21,493)	(935,301)
Currency realignment	(868)	(222)	–	(1,090)
At 31 March 2021	2,315,952	19,877	102,537	2,438,366

Company	Office and Warehouse Premises	Office equipment	Total
	\$	\$	\$
At 1 April 2019	3,036,420	–	3,036,420
Additions	–	132,985	132,985
Charge for the year	(622,855)	(8,955)	(631,810)
At 31 March 2020 and 1 April 2020	2,413,565	124,030	2,537,595
Charge for the year	(622,855)	(21,493)	(644,348)
At 31 March 2021	1,790,710	102,537	1,893,247

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

12. LEASES (CONT'D)

Group and Company as a lessee (cont'd)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
At 1 April	3,057,697	3,496,296	2,656,578	3,239,923
Additions	433,224	561,465	-	132,985
Accretion of interest	79,997	93,280	58,996	74,813
Payments	(1,053,679)	(1,089,157)	(752,797)	(791,143)
Currency realignment	(4,158)	(4,187)	-	-
At 31 March	2,513,081	3,057,697	1,962,777	2,656,578
Current	983,515	900,216	694,603	691,014
Non-current	1,529,566	2,157,481	1,268,174	1,965,564
At 31 March	2,513,081	3,057,697	1,962,777	2,656,578

The maturity analysis of lease liabilities is disclosed in Note 29(c).

The following are the amounts recognised in consolidated statement of comprehensive income:

	Group	
	2021	2020
	\$	\$
Depreciation of right-of-use assets	935,301	904,895
Interest expense on lease liabilities	79,997	93,280
Expense relating to short-term leases and cancellable leases (included in other operating expenses)	172,506	280,067
Total amount recognised in consolidated statement of comprehensive income	1,187,804	1,278,242

The Group had total cash outflow for leases of \$1,209,592 in 2021.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	\$	\$
Unquoted equity shares, at cost	1,151,236	7,697,959
Less: Impairment loss	(559,826)	(7,578,777)
	591,410	119,182

During the year, there was a write-back of impairment of \$472,228 for the cost of investment in AV Labs to its recoverable amount.

There was also a de-registration of Ban Leong Technologies Australia Pty Ltd during the year. The cost of investment and corresponding impairment loss of \$6,546,723 has been de-recognised.

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2021	2020
			%	%
<i>Held by the Company</i>				
Digital Hub Pte. Ltd. (“DHPL”) ¹	Singapore	Distribution of computer peripherals and accessories	100	100
Ban Leong Technologies Sdn Bhd (“BLTM”) ²	Malaysia	Distribution of computer peripherals and accessories	100	100
Ban Leong Chin Inter Co., Ltd (“BLCI”) ³	Thailand	Distribution of computer peripherals and accessories	60	60
Ban Leong Technologies Australia Pty Ltd (“BLTA”) ^{4,5}	Australia	Investment holding	–	100
宇扬(上海)投资咨询有限公司 (BLC (China) Limited) (“BLC”) ⁴	China	Distribution of corporate gift cards	100	100
AV Labs International Pte Ltd (“AV Labs”) ⁴	Singapore	Marketing and distribution of computer and hardware	100	100

1 Audited by Ernst & Young LLP, Singapore

2 Audited by Ernst & Young, Malaysia

3 Audited by Thiwan Auditing Office, Certified Accountant in Thailand

4 Unaudited management account is used for consolidation purposes

5 BLTA has been deregistered in June 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Interest in a subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Foreign currency translation allocated to NCI
2021					
Ban Leong Chin Inter Co., Ltd ("BLCI")	Thailand	40%	247,838	1,914,798	(22,084)
2020					
Ban Leong Chin Inter Co., Ltd ("BLCI")	Thailand	40%	125,420	2,129,129	46,007

Summarised financial information of Ban Leong Chin Inter Co. Ltd before intercompany eliminations of subsidiary with material non-controlling interests are as follows:

	2021	2020
	\$	\$
Summarised statement of comprehensive income		
Revenue	13,735,100	13,165,921
Profit before tax	776,655	391,237
Income tax expense	(157,059)	(77,687)
Profit for the year	619,596	313,550
Other comprehensive income	(55,211)	115,017
	564,385	428,567
Summarised balance sheet		
Current assets	6,277,690	6,977,765
Current liabilities	(1,725,664)	(1,883,515)
Net current assets	4,552,026	5,094,250
Non-current assets	276,079	409,452
Non-current liabilities	(41,107)	(180,877)
Net assets	4,786,998	5,322,825

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

14. INVESTMENT IN UNQUOTED EQUITY SHARES

	Group	
	2021 \$	2020 \$
At fair value through profit or loss		
- Equity securities (unquoted)	-	-

In prior financial years, the Group subscribed for 273,476 ordinary shares, representing approximately 2.53% equity interest, in Avantouch Systems Pte Ltd through its wholly-owned subsidiary, AV Labs International Pte Ltd.

As at 31 March 2021, the fair value of the unquoted equity securities approximates \$Nil (2020: \$Nil) based on the going concern assessment of the investee.

15. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax as at 31 March relates to the following:

Group	Consolidated balance sheet		Consolidated income statement	
	2021 \$	2020 \$	2021 \$	2020 \$
Deferred tax assets				
- provisions	80,118	21,595	(58,523)	24,116
- other items	(1,365)	8,680	10,045	17,013
	78,753	30,275	(48,478)	41,129
Deferred tax liabilities				
- difference in depreciation for tax purposes	(35,106)	(57,666)	(22,560)	28,545
Deferred income tax (credit)/ expenses			(71,038)	69,674
Company	Balance sheet			
	2021 \$	2020 \$	2021 \$	2020 \$
Deferred tax liabilities				
- difference in depreciation for tax purposes	(35,106)	(57,666)	22,560	28,545
Deferred income tax expenses			22,560	28,545

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2020: Nil) has been recognised for taxes that would be payable on the undistributed earnings of overseas subsidiaries as the Group has determined that undistributed earnings of its overseas subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax has been recognised aggregate to \$4,484,000 (2020: \$4,964,000). The deferred tax liability is estimated to be \$448,000 (2020: \$496,000).

Tax consequences of proposed dividends

There are no income tax consequences (2020: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

18. TRADE RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Third parties	23,357,949	22,403,415	14,720,998	16,234,640
GST receivable	78,422	52,274	26,676	–
Amounts due from subsidiaries	–	–	1,680,279	4,946,675
Allowance for expected credit losses	(221,819)	(395,790)	(147,791)	(295,823)
	23,214,552	22,059,899	16,280,162	20,885,492

Trade receivables – third parties are non-interest bearing and on 30 to 90 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand. They are to be settled in cash.

Included in trade receivables of the Group and the Company are amounts denominated in foreign currencies as follows:

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
United States dollars	2,957,534	1,422,856	4,201,333	3,712,631
Malaysian Ringgit	3,423,806	1,758,908	–	–
Thai Baht	1,632,804	1,092,745	–	–
	8,014,144	4,274,509	4,201,333	3,712,631

Expected credit losses

The movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Movement in allowance accounts:				
At 1 April	395,790	345,164	295,823	263,746
Expected credit losses for the year	117,688	50,626	72,000	32,077
Written off	(291,590)	–	(220,032)	–
Exchange differences	(69)	–	–	–
At 31 March	221,819	395,790	147,791	295,823

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

19. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
<u>Other receivables and deposits</u>				
Other receivables	558,716	4,154,138	346,265	1,786,255
Right of return assets	221,919	220,630	143,678	177,516
Deposits	141,661	92,136	48,566	1,650
Amounts due from subsidiaries	–	–	242,986	1,653,256
Total	922,296	4,466,904	781,495	3,618,677

Other receivables include marketing receivables from suppliers.

Amounts due from subsidiaries are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Investment in convertible note

On 29 March 2017, the Group's wholly owned subsidiary, AV Labs International Pte. Ltd. ("AV Labs"), entered into a convertible notes agreement with Bluedge International Limited ("Bluedge") and Mr Guo Tiesheng, a major shareholder of Bluedge, to subscribe convertible notes for an aggregate principal amount of \$2 million. The transaction was completed on 6 April 2017. The convertible notes earn interest at 9% per annum and is redeemable on 5 April 2020.

The convertible notes may be converted in part or in whole at AV Labs' discretion into shares three years from the completion date. AV Labs is not obliged to convert the convertible notes and may elect to redeem upon maturity. The redemption amount payable would be the principal amount plus any accrued and unpaid interest based on the principal amount up to the date of actual repayment of the redemption amount. At the date of this financial statements, no such conversion has taken place.

The convertible notes are classified and measured at fair value through profit or loss ("FVPL"). As at 31 March 2021, the convertible notes have been fully redeemed and repaid.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash at banks and on hand	19,174,918	14,342,141	13,440,342	8,962,906
Short-term deposits	1,500,000	500,000	1,500,000	500,000
Cash and cash equivalents	20,674,918	14,842,141	14,940,342	9,462,906

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for three months and earn interest at the rate of 0.05% (2020: 1.58%).

Included in cash and cash equivalents of the Group and the Company are amounts denominated in foreign currencies as follows:

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
United States dollars	2,142,013	1,256,953	1,894,216	647,968
Malaysian ringgit	1,350,115	468,343	–	–
Thai baht	3,250,892	3,474,121	–	–
Australian dollars	34,895	37,448	34,895	37,448
	6,777,915	5,236,865	1,929,111	685,416

21. TRADE PAYABLES

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Third parties	19,721,317	17,087,751	11,785,150	14,109,792
GST payables	34,999	502,704	–	448,673
Amount due to a subsidiary	–	–	385	465
	19,756,316	17,590,455	11,785,535	14,558,930

Trade payables – third parties are non-interest bearing and have an average term of 30 to 60 days' terms.

Amount due to a subsidiary is unsecured, non-interest bearing, repayable upon demand and is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

21. TRADE PAYABLES (CONT'D)

Included in trade payables of the Group and the Company are amounts denominated in foreign currencies as follows:

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
United States dollars	10,935,363	6,494,184	5,854,009	4,599,805
Malaysian ringgit	571,313	119,320	–	–
Euro	–	3,071	–	–
Thai baht	133,286	2,759	–	–
	11,639,962	6,619,334	5,854,009	4,599,805

22. BILLS PAYABLE TO BANKS (UNSECURED) SHORT-TERM LOANS (UNSECURED)

Bills payable to banks have repayment terms of approximately 30 to 120 days. Bills payable to banks bear interest at average rates at 1.36% (2020: 1.8%) per annum.

Short-term loans have repayment terms of approximately 30 to 180 days. Short-term loans bear interest at average rates at 1.3% (2020: 1.75%) per annum.

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	1 April 2020	Cash flows	Non-cash changes			31 March 2021
			Addition	Accretion of interest	Foreign exchange movement	
	\$	\$	\$	\$	\$	\$
Bills payable to banks	773,652	596,832	–	–	–	1,370,484
Short-term loans	3,350,000	(2,750,000)	–	–	–	600,000
Lease liabilities	3,057,697	(1,053,679)	433,224	79,997	(4,158)	2,513,081
	7,181,349	(3,206,847)	433,224	79,997	(4,158)	4,483,565

	1 April 2019	Cash flows	Non-cash changes			31 March 2020
			Addition	Accretion of interest	Foreign exchange movement	
	\$	\$	\$	\$	\$	\$
Bills payable to banks	1,400,863	(627,211)	–	–	–	773,652
Short-term loans	2,500,000	850,000	–	–	–	3,350,000
Lease liabilities	3,496,296	(1,089,157)	561,465	93,280	(4,187)	3,057,697
	7,397,159	(866,368)	561,465	93,280	(4,187)	7,181,349

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Other payables	4,569,574	5,378,933	3,323,447	3,860,662
Refund liability	421,117	235,881	336,567	188,862
Accrued operating expenses	3,292,370	1,947,908	2,298,148	1,617,871
Amount due to a subsidiary	–	–	458,786	1,195,730
	8,283,061	7,562,722	6,416,948	6,863,125

Other payables include advances from suppliers for support of future programs.

Amount due to a subsidiary is unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

24. SHARE CAPITAL, RETURNED AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2021		2020	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary share				
At 1 April and 31 March	117,181,818	11,173,106	117,181,818	11,173,106

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

(b) Returned and treasury shares

	Group and Company			
	2021		2020	
	No. of shares	\$	No. of shares	\$
Returned shares	681,818	104,822	681,818	104,822
Treasury shares	2,639,500	586,632	2,577,000	570,703
	3,321,318	691,454	3,258,818	675,525

Returned shares relate to 681,818 ordinary shares of the Company that was transferred from Christine Anne McGregor and Innovision Technology Australia Pty Ltd to the Company as a result of the compensation for the shortfall in guaranteed profits in prior years.

The Company acquired 62,500 (2020: nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was \$15,929 (2020: nil) and this was presented as a component within shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

25. FOREIGN CURRENCY TRANSLATION RESERVE AND OTHER RESERVE

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Other reserve

Other reserve represents non-distributable amounts set aside in compliance with local laws of certain overseas subsidiary companies.

26. DIVIDENDS

	Group and Company	
	2021	2020
	\$	\$
(a) <i>Declared and paid during the financial year:</i>		
Dividends on ordinary shares:		
Final one-tier tax exempt dividend 31 March 2020: 1.25 cent (31 March 2019: 1.0 cent) per share	1,423,256	1,135,821
(b) <i>Proposed but not recognised as a liability as at 31 March:</i>		
Final one-tier tax exempt dividend 31 March 2021: 2.5 cent (31 March 2020: 1.25 cent) per share	2,846,513	1,424,038

The directors of the Company recommend that a final one-tier tax exempt dividend of 2.5 cent per ordinary share amounting to \$2,846,513 to be paid in respect of the financial year ended 31 March 2021. The proposed dividend, which is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, has not been accrued as liability as at 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

27. FINANCIAL INSTRUMENTS

Group	Financial assets carried at amortised cost \$	Financial assets at fair value through profit or loss \$	Financial liabilities carried at amortised cost \$	Total \$
2021				
Assets				
Trade receivables	23,136,130	–	–	23,136,130
Other receivables and deposits	700,377	–	–	700,377
Investment in unquoted equity shares	–	*	–	–
Cash and cash equivalents	20,674,918	–	–	20,674,918
Total financial assets	44,511,425	–	–	44,511,425
Total non-financial assets				28,619,680
Total assets				73,131,105
Liabilities				
Trade payables	–	–	19,721,317	19,721,317
Bills payables to bank (unsecured)	–	–	1,370,484	1,370,484
Short-term loans	–	–	600,000	600,000
Other payables and accruals	–	–	7,861,944	7,861,944
Lease liabilities	–	–	2,513,081	2,513,081
Total financial liabilities	–	–	32,066,826	32,066,826
Total non-financial liabilities				1,634,134
Total liabilities				33,700,960
2020				
Assets				
Trade receivables	22,007,625	–	–	22,007,625
Other receivables and deposits	4,246,274	–	–	4,246,274
Investment in unquoted equity shares	–	*	–	–
Cash and cash equivalents	14,842,141	–	–	14,842,141
Total financial assets	41,096,040	–	–	41,096,040
Total non-financial assets				25,826,329
Total assets				66,922,369
Liabilities				
Trade payables	–	–	17,087,751	17,087,751
Bills payables to bank (unsecured)	–	–	773,652	773,652
Short-term loans	–	–	3,350,000	3,350,000
Other payables and accruals	–	–	7,326,841	7,326,841
Lease liabilities	–	–	3,057,697	3,057,697
Total financial liabilities	–	–	31,595,941	31,595,941
Total non-financial liabilities				1,445,812
Total liabilities				33,041,753

* Denotes amount of \$Nil

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

27. FINANCIAL INSTRUMENTS (CONT'D)

Company	Financial assets carried at amortised cost \$	Financial assets at fair value through profit or loss \$	Financial liabilities carried at amortised cost \$	Total \$
2021				
Assets				
Trade receivables	16,253,486	–	–	16,253,486
Other receivables and deposits	637,817	–	–	637,817
Cash and cash equivalents	14,940,342	–	–	14,940,342
Total financial assets	31,831,645	–	–	31,831,645
Total non-financial assets				17,153,812
Total assets				48,985,457
Liabilities				
Trade payables	–	–	11,785,535	11,785,535
Bills payables to bank (unsecured)	–	–	761,737	761,737
Short-term loans	–	–	600,000	600,000
Other payables and accruals	–	–	6,080,381	6,080,381
Lease liabilities	–	–	1,962,777	1,962,777
Total financial liabilities	–	–	21,190,430	21,190,430
Total non-financial liabilities				1,412,170
Total liabilities				22,602,600
2020				
Assets				
Trade receivables	20,885,492	–	–	20,885,492
Other receivables and deposits	3,441,161	–	–	3,441,161
Cash and cash equivalents	9,462,906	–	–	9,462,906
Total financial assets	33,789,559	–	–	33,789,559
Total non-financial assets				15,356,374
Total assets				49,145,933
Liabilities				
Trade payables	–	–	14,110,257	14,110,257
Bills payables to bank (unsecured)	–	–	773,652	773,652
Short-term loans	–	–	3,350,000	3,350,000
Other payables and accruals	–	–	6,674,263	6,674,263
Lease liabilities	–	–	2,656,578	2,656,578
Total financial liabilities	–	–	27,564,750	27,564,750
Total non-financial liabilities				1,218,586
Total liabilities				28,783,336

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

28. FAIR VALUE OF ASSETS AND LIABILITIES

(a) ***Fair value hierarchy***

The Group and Company categorised fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

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

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Lease liabilities (Note 12), trade receivables (Note 18), other receivables and deposits (Note 19), cash and cash equivalents (Note 20), trade payables (Note 21), bills payable to banks (unsecured) and short-term loans (Note 22), other payables and accruals (Note 23).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature. Lease liabilities approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk and credit risk. The board of directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The following sections provide details on the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their bills payable. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2020: less than 6 months) from the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Interest rate risk (cont'd)*

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 15 (2020: 15) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$2,453 (2020: \$1,037) higher/lower, arising mainly as a result of lower/ higher interest expense on bills payable and short-term loans.

(b) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollar ("SGD"), Malaysian Ringgit ("MYR") and Thai Baht ("THB"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"). Approximately 23% (2020: 19%) of the Group's sales are denominated in foreign currencies whilst almost 24% (2020: 28%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payables balances at the end of reporting period have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Thailand, Australia and China. The Group's net investments in foreign subsidiary companies are not hedged as currency positions in these respective currencies are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, AUD, MYR and THB exchange rates (against SGD), with all other variables held constant.

	Group Profit before tax Increase/(decrease)	
	2021	2020
	\$	\$
USD - strengthened by 3% (2020: 3%)	(175,074)	(114,491)
- weakened by 3% (2020: 3%)	175,074	114,491
AUD - strengthened by 3% (2020: 3%)	1,047	1,123
- weakened by 3% (2020: 3%)	(1,047)	(1,123)
MYR - strengthened by 3% (2020: 3%)	126,078	63,238
- weakened by 3% (2020: 3%)	(126,078)	(63,238)
THB - strengthened by 3% (2020: 3%)	142,512	136,923
- weakened by 3% (2020: 3%)	(142,512)	(136,923)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks.

As at 31 March 2021, the Company has \$29,518,000 (2020: \$22,700,000) of undrawn committed borrowing facilities in respect of which all conditions precedent have been met.

	Contractual cash flows			
	Within one year	Two to five years	More than five years	Total
	\$	\$	\$	\$
As at 31 March 2021				
Group				
Trade payables	19,756,316	–	–	19,756,316
Bills payable to banks (unsecured)	1,375,465	–	–	1,375,465
Short-term loans	600,662	–	–	600,662
Other payables and accruals	8,283,061	–	–	8,283,061
Leases liabilities	1,046,506	1,583,568	–	2,630,074
	31,062,010	1,583,568	–	32,645,578

	Contractual cash flows			
	Within one year	Two to five years	More than five years	Total
	\$	\$	\$	\$
As at 31 March 2020				
Group				
Trade payables	17,590,455	–	–	17,590,455
Bills payable to banks (unsecured)	774,829	–	–	774,829
Short-term loans	3,355,641	–	–	3,355,641
Other payables and accruals	7,562,722	–	–	7,562,722
Leases liabilities	973,314	2,234,426	–	3,207,740
	30,256,961	2,234,426	–	32,491,387

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company's exposure to credit risk arises primarily from trade receivables and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. Accordingly, the Group provides for lifetime expected credit losses for all trade receivables using the allowance for expected credit losses. Refer to Note 18 for disclosures on allowance for expected credit losses.

The allowance for ECL is established on the basis of making debtor specific impairment loss provision, which is based on the assessment of the ability of individual debtors who are credit impaired and for remaining trade receivable balances by determining the default rates to be applied against trade receivables after the specific impairment loss provision.

The assessment of the debtor's ability to pay are based on the age of the balances, payment history, status of negotiations with debtors and other external information available to management to assess the creditworthiness of the debtor. The default rates are based on the Group's historical credit loss experience, profiling customers by credit risk characteristics and are adjusted for forward-looking factors specific to the debtors and the economic environment.

Exposure to credit risk

At the end of the reporting period, the Group and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period are as follows:

Group	2021		2020	
	\$	%	\$	%
By country:				
Singapore	15,956,423	69	18,813,900	85
Malaysia	3,423,806	15	1,758,908	8
Thailand	1,632,804	7	1,092,745	5
Others	2,201,519	9	394,346	2
	23,214,552	100	22,059,899	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

At the end of the reporting period, approximately:

- 25% (2020: 33%) of the Group's trade receivables were due from top 5 trade debtors located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings and no history of default.

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group aims to keep the gearing ratio at a minimal level. The Group includes within net debt, trade and other payables and accruals, bills payable, short-term loans, less cash and cash equivalents. Capital includes equity attributable to owners of the Company.

	Group	
	2021	2020
	\$	\$
Trade payables	19,756,316	17,590,455
Bills payable to banks (unsecured)	1,370,484	773,652
Short-term loans	600,000	3,350,000
Other payables and accruals	8,283,061	7,562,722
Lease liabilities	2,513,081	3,057,697
Less:		
Cash and cash equivalents	(20,674,918)	(14,842,141)
Net debt	11,848,024	17,492,385
Equity attributable to owners of the Company, representing total capital	37,515,347	31,751,487
Capital and net debt	49,363,371	49,243,872
Gearing ratio	24%	36%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

31. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and is organised into 3 main operating segments, namely:

(a) *Multimedia*

Audio and visual products, such as ear phones, speakers, cameras and commercial and consumer displays.

(b) *Data storage*

Products that are used in the storage of data such as cloud drives, HDD enclosures, Blu-ray and portable DVD-RW.

(c) *IT accessories*

PC-related accessories such as computer systems, components, peripherals, printers, mobile products from wearables, accessories and powerpacks. New categories include smart home solutions and robotics.

There are no sales between business segments.

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

Depreciation, amortisation, capital expenditure, other non-cash expenses and other assets and liabilities cannot be directly attributable to individual segments and it is impractical to arbitrarily allocate them to the segments except for inventories.

Capital expenditure relates to additions to property, plant and equipment and intangible assets.

Other non-cash items relates to movement in gain on disposal of property, plant and equipment, property, plant and equipment written off, allowance for expected credit losses, trade receivables written off and allowance for inventory to net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

31. SEGMENT INFORMATION (CONT'D)

	IT accessories		Multimedia		Data storage		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Sales to external customers	85,258,399	53,992,828	95,742,925	95,755,736	1,680,256	485,640	182,681,580	150,234,204
Profit from operating activities	4,802,229	1,673,588	3,933,018	2,094,588	79,479	15,356	8,814,726	3,783,532
Finance costs							(93,334)	(162,423)
Finance income							12,090	20,627
Profit before tax							8,733,482	3,641,736
Income tax expense							(1,459,009)	(658,386)
Profit for the year							7,274,473	2,983,350
Assets and liabilities:								
Inventories	14,370,620	10,103,910	10,001,312	10,962,331	382,872	69,980	24,754,804	21,136,221
Unallocated assets							48,376,301	45,786,148
Total assets							73,131,105	66,922,369
Unallocated liabilities							33,700,960	33,041,753
Total liabilities							33,700,960	33,041,753
Other segment information								
Depreciation of property, plant and equipment and right-of-use assets							1,378,127	1,315,421
Capital expenditure							124,389	731,119
Other non-cash expenses, net							365,828	251,781

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

31. SEGMENT INFORMATION (CONT'D)

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021	2020	2021	2020
	\$	\$	\$	\$
Singapore	130,082,140	120,753,172	2,652,185	3,639,538
Malaysia	28,932,394	14,333,702	400,354	131,699
Thailand	13,739,014	12,981,528	276,079	409,452
Asia ⁽¹⁾	9,526,835	1,668,936	–	–
Others ⁽²⁾	401,197	496,866	–	–
	182,681,580	150,234,204	3,328,618	4,180,689

⁽¹⁾ Asia includes China, Vietnam, Taiwan, Korea, Mongolia, Pakistan, India, Bangladesh, Nepal, Japan, Hong Kong and Asean member countries excluding Singapore, Malaysia and Thailand.

⁽²⁾ Others include countries such as Africa, America, Saudi Arabia and United Arab Emirates, Israel and Sweden.

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets and intangible assets as presented in the consolidated balance sheet.

32. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors on 28 June 2021.

ANALYSIS OF SHAREHOLDINGS

As at 18 June 2021

Range of Shareholdings	No. of Shareholders	Percentage	No. of Shares	Percentage
1 - 99	-	-	-	-
100 - 1,000	38	9.34	30,400	0.03
1,001 - 10,000	170	41.76	1,087,000	0.95
10,001 - 1,000,000	182	44.72	15,531,000	13.64
1,000,001 and above	17	4.18	97,212,100	85.38
TOTAL	407	100.00	113,860,500	100.00

	Percentage**
Number of issued ordinary shares:	<u>117,181,818</u>
Number of Treasury shares:	2,639,500 2.32%
Number of returned shares:	<u>681,818</u> 0.60%
Number of issued ordinary shares excluding treasury and returned shares:	<u>113,860,500</u>

** The percentage of issued ordinary shares is calculated based on the number of issued ordinary excluding the treasury shares and returned shares

MAJOR SHAREHOLDERS AS AT 18 JUNE 2021

No.	Name of Shareholder	Shares Held	Percentage
1	Wang Wei	28,281,000	24.84
2	Teng Woo Boon	26,066,000	22.89
3	KGI Securities (Singapore) Pte Ltd	6,900,000	6.06
4	Cheung Miu Yin	5,260,000	4.62
5	Kim Seng Holdings Pte Ltd	4,999,000	4.39
6	Loh Yih	4,500,000	3.95
7	DB Nominees (Singapore) Pte Ltd	4,008,000	3.52
8	Teo Su Ching	3,208,000	2.82
9	Neo Gim Kiong	3,094,100	2.72
10	Kelvin Kwok Ying Choy	1,836,200	1.61
11	DBS Nominees Pte Ltd	1,778,800	1.56
12	Lo Yew Seng	1,506,000	1.32
13	Ang Chai Ling (Hong Cailing)	1,500,000	1.32
14	Hong Leong Finance Nominees Pte Ltd	1,149,000	1.01
15	Wong Kahoe	1,083,000	0.95
16	Ng Poh Kheng	1,035,000	0.91
17	Yu Lihong	1,008,000	0.89
18	UOB Kay Hian Pte Ltd	736,018	0.65
19	CGS-CIMB Securities (Singapore) Pte Ltd	637,800	0.56
20	OCBC Securities Private Ltd	632,800	0.55
		<u>99,218,718</u>	<u>87.14</u>

ANALYSIS OF SHAREHOLDINGS

As at 18 June 2021

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY'S SHARES

The shareholdings of the Substantial Shareholders as shown in the Register of Substantial Shareholders as at 18 June 2021:-

Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest	
	Shares	%	Shares ⁽¹⁾	%	Shares	%
Wang Wei	28,281,000	24.84			28,281,000	24.84
Teng Woo Boon	26,662,000	23.41	3,400,000	2.99	30,062,000	26.40
Teng Kim Sui	6,902,000	6.06			6,902,000	6.06

(1) Teng Woo Boon is deemed to be interested through 3,400,000 shares held by his spouse, Teo Su Ching who has since resigned as a Human Resource Director on 31 May 2021.

SHAREHOLDING HELD IN PUBLIC HANDS

The percentage of shareholdings held in the hands of public was approximately 34.28% as at 18 June 2021 and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ban Leong Technologies Limited (the “**Company**”) will be held by way of electronic means on Monday, 26 July 2021 at 10.00 a.m. to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2021 and the Directors’ Statement together with the Independent Auditors’ Report thereon. **(Resolution 1)**
2. To declare a tax-exempt (one-tier) final dividend of \$0.025 per ordinary share in respect of the financial year ended 31 March 2021. **(Resolution 2)**
3. To approve the proposed Directors’ fees of S\$119,000 for the financial year ended 31 March 2021. (2020: S\$152,000) **(Resolution 3)**
4. To re-elect the following Directors of the Company who are retiring by rotation in accordance with Articles 107 and 108 of the Constitution of the Company, and who, being eligible, offer themselves for re-election:-
 - (a) Teng Woo Boon; and **(Resolution 4)**
 - (b) Lo Yew Seng. **(Resolution 5)**
5. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

SPECIAL BUSINESS

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

7. That, subject to and contingent upon passing of Resolution 8 by shareholders of the Company (excluding the directors and the CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST)):-
 - (a) the continued appointment of Loh Yih, as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and
 - (b) the authority conferred by this Resolution shall continue in force until the earlier of the following:
 - (i) the retirement or resignation of Loh Yih as a director; or
 - (ii) the conclusion of the third AGM of the Company following the passing of this Resolution. **(Resolution 7)**
8. That, subject to and contingent upon the passing of Resolution 7 and the passing of this Resolution 8 by shareholders (excluding the directors and the CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST)):-
 - (a) the continued appointment of Loh Yih as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and
 - (b) the authority conferred by this Resolution shall continue in force until the earlier of the following:
 - (i) the retirement or resignation of Loh Yih as a director, or
 - (ii) the conclusion of the third AGM of the Company following the passing of this Resolution. **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

9. That, subject to and contingent upon passing of Resolution 10 by shareholders of the Company (excluding the directors and the CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST)):-
- (a) the continued appointment of Neo Gim Kiong as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and
 - (b) the authority conferred by this Resolution shall continue in force until the earlier of the following:
 - (i) the retirement or resignation of Neo Gim Kiong as a director; or
 - (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(Resolution 9)

10. That, subject to and contingent upon the passing of Resolution 9 and the passing of this Resolution 10 by shareholders (excluding the directors and the CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST)):-
- (a) the continued appointment of Neo Gim Kiong as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and
 - (b) the authority conferred by this Resolution shall continue in force until the earlier of the following:
 - (i) the retirement or resignation of Neo Gim Kiong as a director, or
 - (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(Resolution 10)

11. Authority to Allot and Issue Shares

“That pursuant to Section 161 of the Companies Act, Chapter 50 and the Listing Rules (the “**Listing Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue and allot ordinary shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem it; and
- (b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:
- (1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares in the capital of the Company, excluding treasury shares, subsidiary holdings and returned shares, if any (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company (“**Shareholders**”) are not given the opportunity to participate in the same on a pro-rata basis (“**non pro-rata basis**”), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares in the capital of the Company, excluding treasury shares, subsidiary holdings and returned shares, if any [as calculated in accordance with paragraph (2) below];

NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares, excluding treasury shares, subsidiary holdings and returned shares, shall be based on the total number of issued Shares of the Company, excluding treasury shares, subsidiary holdings and returned shares, at the time such authority was conferred, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from the exercising of share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and
 - (c) any subsequent consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Rules of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and
- (4) (unless revoked or varied by the Company in a general meeting) the authority so conferred shall continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.”

(Resolution 11)

12. Renewal of Mandate for Interested Person Transactions

“That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Rules of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Rules), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Addendum to Annual Report dated 9 July 2021 (the “**Addendum**”) with any party who fall within the classes of interested persons described in the Addendum, provided that such transactions are made on normal commercial terms and are not prejudicial to the interest of the Company or its minority shareholders, and in accordance with the review procedures for such interested person transactions as set out in the Addendum (the “**IPT Mandate**”);
- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next annual general meeting of the Company is held or required by law to be held; and
- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.”

(Resolution 12)

NOTICE OF ANNUAL GENERAL MEETING

13. Renewal of Share Buy Back Mandate

“That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire issued Ordinary Shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) on-market purchases market purchases, transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act;

and otherwise in accordance with all other laws and regulations and rules, including but not limited to, the provisions of the Companies Act and the Mainboard Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buy Back Mandate**”),

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
 - (ii) the date on which the purchases or acquisitions of the Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting;

whichever is earliest.

- (c) in this Resolution:

“**Maximum Limit**” means that number of issued Ordinary Shares representing 10% of the total number of the issued Ordinary Shares (excluding treasury shares, subsidiary holdings and returned shares) as at the date of the passing of this Resolution;

“**Maximum Price**”, in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related purchasing or acquisition expenses) which shall not exceed:-

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase, 120% of Average Closing Price (as defined hereinafter), pursuant to an equal access scheme

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and is deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days;

NOTICE OF ANNUAL GENERAL MEETING

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.”

(Resolution 13)

By order of the Board

Pan Mi Keay
Company Secretary

9 July 2021
Singapore

Explanatory Notes:-

- (a) Proposed Ordinary Resolution 4: Teng Woo Boon (Executive Director) will, upon re-election as Director of the Company, remain as Managing Director of the Company.

Detailed information on Teng Woo Boon can be found under the “Directors’ Profile” and “Additional Information on Director seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST” sections in the Company’s Annual Report 2021.

- (b) Proposed Ordinary Resolution 5: Lo Yew Seng (Independent Non-Executive Director) will, upon re-election as Director of the Company, remain as Member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

Detailed information on Lo Yew Seng can be found under the “Directors’ Profile” and “Additional Information on Director seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST” sections in the Company’s Annual Report 2021.

- (c) Proposed Ordinary Resolutions 7 and 8: The resolutions are to seek approval from the members via a two-tier voting process for Loh Yih to continue in office as an independent director of the Company for a three-year term. Subject to the passing of these resolutions, he will continue to serve as an independent director of the Company, until the earlier of his retirement or resignation, or the conclusion of the third AGM of the Company following the passing of these resolutions. Otherwise, he will continue to serve as an independent director of the Company until the earlier of his retirement or resignation, or 31 December 2021.

In the event the two-tier voting process on re-appointment of Loh Yih as an independent director is not passed at the AGM, the Company would endeavor to fill the vacancy before 31 December 2021.

Loh Yih (Independent Non-Executive) will, upon re-appointment as Director of the Company, continue to serve as the Lead Independent Non-Executive Director, the Chairmen of the Audit and Remuneration Committees and a Member of the Nominating Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Detailed information on Loh Yih can be found under the “Directors’ Profile” and “Additional Information on Director seeking re-appointment pursuant to Rule 720(6) of the Listing Manual of the SGX-ST” sections in the Company’s Annual Report 2021.

NOTICE OF ANNUAL GENERAL MEETING

- (d) Proposed Ordinary Resolutions 9 and 10: The resolutions are to seek approval from the members via a two-tier voting process for Neo Gim Kiong to continue in office as an independent director of the Company for a three-year term. Subject to the passing of these resolutions, he will continue to serve as an independent director of the Company, until the earlier of his retirement or resignation, or the conclusion of the third AGM of the Company following the passing of these resolutions. Otherwise, he will continue to serve as an independent director of the Company until the earlier of his retirement or resignation, or 31 December 2021.

In the event the two-tier voting process on re-appointment of Neo Gim Kiong as an independent director is not passed at the AGM, the Company would endeavor to fill the vacancy before 31 December 2021.

Neo Gim Kiong (Independent Non-Executive) will, upon re-appointment as Director of the Company, continue to serve as the Chairman of the Nominating Committee and a Member of the Audit and Remuneration Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Detailed information on Neo Gim Kiong can be found under the “Directors’ Profile” and “Additional Information on Director seeking re-appointment pursuant to Rule 720(6) of the Listing Manual of the SGX-ST” sections in the Company’s Annual Report 2021.

- (e) Proposed Ordinary Resolution 11: If passed, will empower the Directors of the Company from the date of the above meeting to issue shares in the Company up to an amount not exceeding in total 50% of the total number of issued shares in the capital of the Company with a sub-limit of 20% other than on a pro-rata basis to shareholders for the time being for such purposes as they consider would be in the interest of the Company. The authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company is held or required by law to be held, whichever is earlier.
- (f) Proposed Ordinary Resolution 12: If passed, will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate as described in the Addendum. The authority shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next annual general meeting of the Company is held or required by law to be held.
- (g) Proposed Ordinary Resolution 13, if passed, will empower the Directors of the Company from the date of the above meeting until the date of the next annual general meeting to purchase or acquire up to 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution. Details of the proposed Share Buy Back Mandate are set out in the Addendum to the Annual Report.
- (i) As at the date of this Notice, the Company has purchased a total of 2,639,500 shares by way of market acquisition at an aggregate consideration of S\$586,632.
- (ii) The amount of financing required for the Company to further purchase or acquire its shares, and the impact on the Company’s financial position, cannot be ascertained as at the date of this Notice as this will depend on the number of the shares purchased or acquired and the price at which such shares were purchased or acquired.
- (iii) The financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed Share Buy Back Mandate on the Group’s audited financial statements for the financial year ended 31 March 2021 are set out in the Addendum to the Annual Report and are for illustration only.

Notes:

- (1) The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice of Annual General Meeting (the “Notice”) will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company’s website at the URL <https://www.banleong.com/corporate/>. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (2) Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow members to participate at the AGM by (a) watching the AGM proceedings via “live” webcast or listening to the AGM proceedings via “live” audio feed, (b) submitting questions in advance of the AGM, and/or (c) voting by proxy at the AGM. Shareholders who wish to watch the “live” webcast of the AGM or listen to the “live” audio feed of the AGM proceedings and/or submit questions in advance of the AGM, are to download the pre-registration form from the Company’s website at the URL <https://www.banleong.com/corporate> or on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and submit the completed and signed form to the Company in the following manner:
- (a) if submitted by post, be lodged with the Company’s registered office address at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825; or
- (b) if submitted electronically, be submitted via email to the Company at agm@banleong.com.sg,

in either case, by 10.00 a.m. on 19 July 2021.

Please note that shareholders will not be able to ask questions at the AGM “live” during the webcast and audio feed, and therefore shareholders should pre-register their participation in order to submit their questions in advance of the AGM.

The Management and the Board of Directors of the Company will endeavour to address all substantial and relevant questions received from members prior to the AGM by publishing the responses to those questions on SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL <https://www.banleong.com/corporate>. Where substantial and relevant questions submitted by members are unable to be addressed prior to the AGM, the Company will address them at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

- (3) A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. This proxy form may be accessed at the Company's website at the URL <https://www.banleong.com/corporate>, and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on 14 July 2021.

- (4) The Chairman of the Meeting, as proxy, need not be a member of the Company.
- (5) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

- (a) if submitted by post, be lodged with the Company's registered office address at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825; or
- (b) if submitted electronically, be submitted via email to the Company at agm@banleong.com.sg,

in either case, at least 48 hours before the time appointed for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms and pre-registration forms by post, members are strongly encouraged to submit completed proxy forms and pre-registration forms electronically via email.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

BAN LEONG TECHNOLOGIES LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199303898C)

IMPORTANT

Alternative Arrangements for Annual General Meeting

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of Annual General Meeting will be sent to members by electronic means via publication on the Company's website at the URL <https://www.banleong.com/corporate>. The Notice of Annual General Meeting is also available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting. Alternative arrangements have been put in place to allow members to participate at the Annual General Meeting by (a) watching the Annual General Meeting proceedings via "live" webcast or listening to the Annual General Meeting proceedings via "live" audio feed, (b) submitting questions in advance of the Annual General Meeting, and/or (c) voting by proxy at the Annual General Meeting.
3. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.
4. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.

CPF/SRS Investors

5. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective Agent Banks or SRS Operators to submit their votes by 5.00 p.m. 14 July 2021.

Personal Data

6. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

I/We, _____ (Name) _____ (NRIC / Passport no.)

of _____ (Address)

being a member/ members* of Ban Leong Technologies Limited (the "Company"), hereby appoint the Chairman of the Meeting as *my/ our proxy, to attend, speak and vote for *me/ us and on *my/ our behalf, at the Annual General Meeting of the Company to be convened and held by way of electronic means on Monday, 26 July 2021 at 10.00 a.m. and at any adjournment thereof in the following manner:

*Delete as appropriate

No.	Ordinary Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 March 2021 and the Directors' Statement together with the Independent Auditors' Report thereon.			
2	Approval of tax exempt (one-tier) final dividend of S\$0.025 per ordinary share for the financial year ended 31 March 2021.			
3	Approval of the payment of proposed Directors' fees of S\$119,000 for the financial year ended 31 March 2021. (2020: S\$152,000)			
4	Re-election of Teng Woo Boon as Director of the Company.			
5	Re-election of Lo Yew Seng as Director of the Company.			
6	Re-appointment of Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
7	Approval for continued appointment of Loh Yih as an independent director by shareholders, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
8	Approval for continued appointment of Loh Yih as an independent director by shareholders (excluding the directors and the CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST)), for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
9	Approval for continued appointment of Neo Gim Kiong as an independent director by shareholders, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
10	Approval for continued appointment of Neo Gim Kiong as an independent director by shareholders (excluding the directors and the CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST)), for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
11	Authority to Directors to allot and issue shares.			
12	Renewal of the Interested Person Transactions Mandate.			
13	Renewal of the Share Buy Back Mandate.			

The resolutions put to vote at the Annual General Meeting shall be decided by poll.

If you wish the Chairman of the Meeting as your proxy to cast all your votes **For** or **Against** a resolution, please indicate with "X" in the **For** or **Against** box in respect of that resolution. Alternatively, please indicate the number of votes **For** or **Against** in the **For** or **Against** box in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to **Abstain** from voting on a resolution, please indicate with "X" in the **Abstain** box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the **Abstain** box in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of _____, 2021

Total Number of Shares Held (see note 1)

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

IMPORTANT: PLEASE READ NOTES OVERLEAF.



Notes to Proxy Form

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. This proxy form can be accessed at the Company's website at the URL <https://www.banleong.com/corporate>, and the SGX website at the URL <https://www.sgx.com/securities/companyannouncements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on 14 July 2021.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

- (a) if submitted by post, be lodged with the Company's registered office address at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825; or
- (b) if submitted electronically, be submitted via email to the Company at agm@banleong.com.sg.

in either case, at least 48 hours before the time appointed for holding the Annual General Meeting.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or by his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The Company shall be entitled to reject an instrument appointing the Chairman of the Meeting as proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.



The Company Secretary
BAN LEONG TECHNOLOGIES LIMITED
150 Ubi Avenue 4
#04-01 Ubi Biz-Hub
Singapore 408825

CORPORATE DIRECTORY

BOARD OF DIRECTORS

RONALD TENG WOO BOON

Managing Director

LOH YIH

Lead Independent Director

NEO GIM KIONG

Independent Director

LO YEW SENG

Independent Director

COMPANY SECRETARIES

PAN MI KEAY

SEE KAI LI

REGISTERED OFFICE AND BUSINESS ADDRESS

150 Ubi Avenue 4, #04-01 Ubi Biz Hub
Singapore 408825

REGISTRAR AND SHARE TRANSFER

M & C SERVICES PRIVATE LIMITED

112 Robinson Road, #05-01
Singapore 068902

AUDITORS AND REPORTING ACCOUNTANTS

ERNST & YOUNG LLP

One Raffles Quay, North Tower, Level 18
Singapore 048583

PARTNER-IN-CHARGE

HAH YANYING

Appointed since financial year ended
31 March 2021

PRINCIPAL BANKERS

CITIBANK N.A.

8 Marina View #17-01
Asia Square Tower 1
Singapore 018960

DBS BANK LIMITED

12 Marina Boulevard, Level 45
DBS Asia Central
@ Marina Bay Financial Centre Tower 3
Singapore 018982

OVERSEA-CHINESE

BANKING CORPORATION LIMITED

63 Chulia Street #02-00
OCBC Centre East
Singapore 049514

UNITED OVERSEAS BANK LIMITED

80 Raffles Place #12-00
UOB Plaza
Singapore 048624

THE HONGKONG AND SHANGHAI BANKING CORPORATION

21 Collyer Quay #08-01
HSBC Building
Singapore 049320





ANNUAL REPORT 2021

Creating Value Through Innovation



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