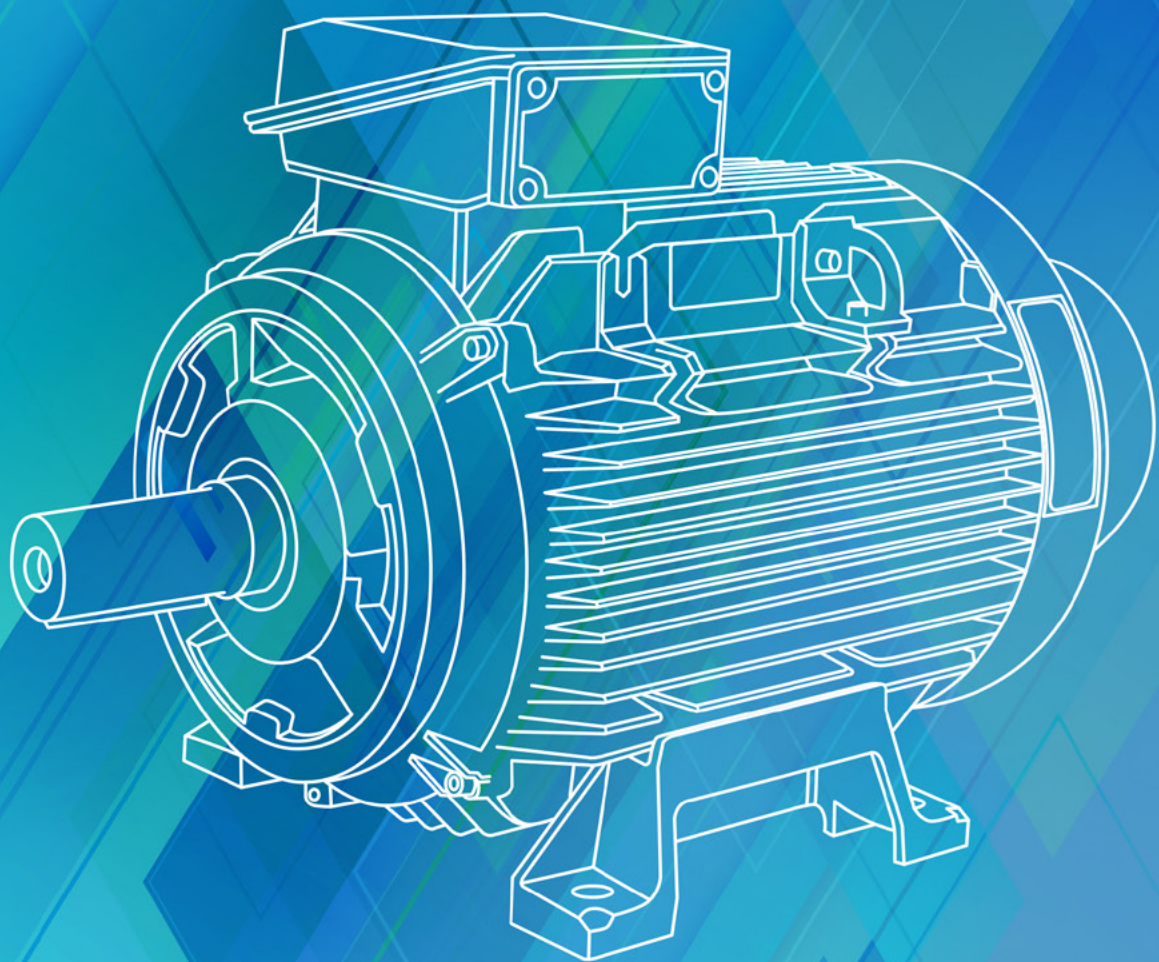


BROOK CROMPTON

a WOLONG company



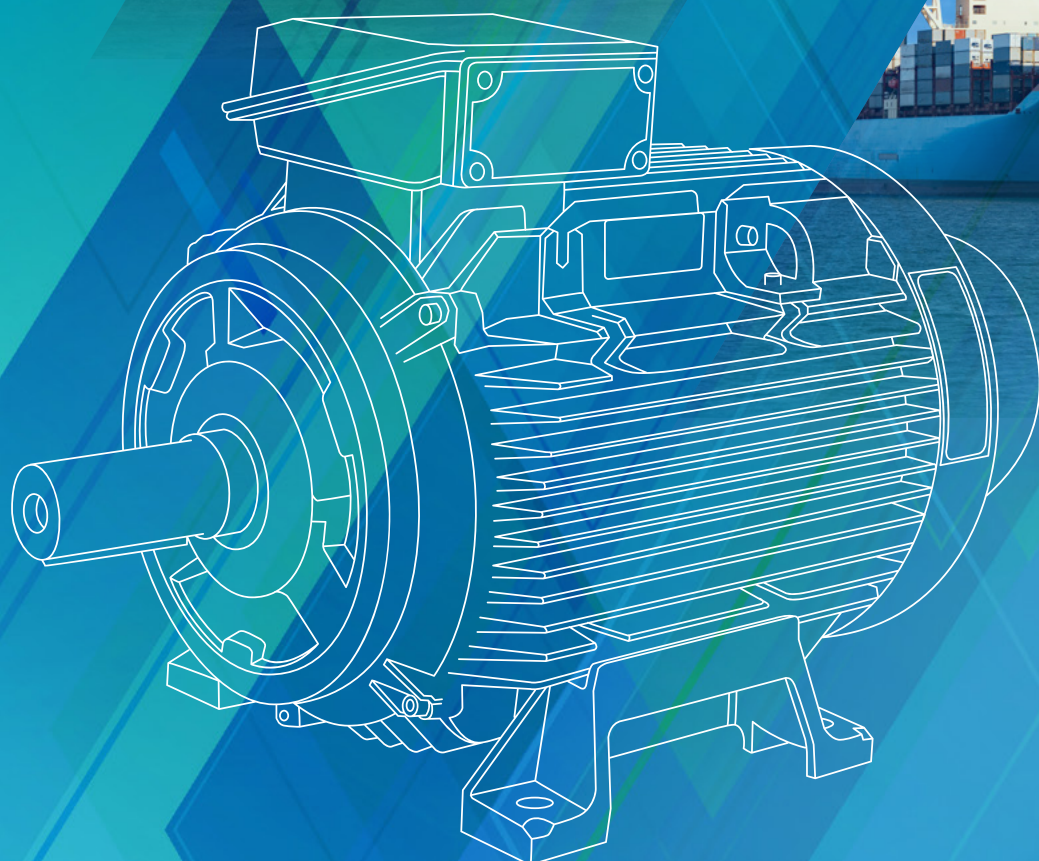
Steering Towards a Resilient Future

ANNUAL REPORT 2022



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Corporate Profile

Brook Crompton Holdings Ltd., is an established electric motors company. Our trademark BROOK CROMPTON brand has been at the forefront of major technological breakthroughs in this arena, and is active in the supply of high-efficiency electric motors that also fulfil client needs for reliability and cost-effectiveness.

Through its commitment to quality and service, the Group has forged longstanding relationships with leading customers around the world. Always ready to devise solutions that satisfy the unique requirements of every client, we offer robust and versatile products that are widely deployed in sectors ranging from marine, mining and oil & gas to HVAC (heating, ventilation, air conditioning).

To bolster our position in key regions and facilitate our expansion to new markets, we have taken decisive steps to strengthen our supply chain and distribution channel.

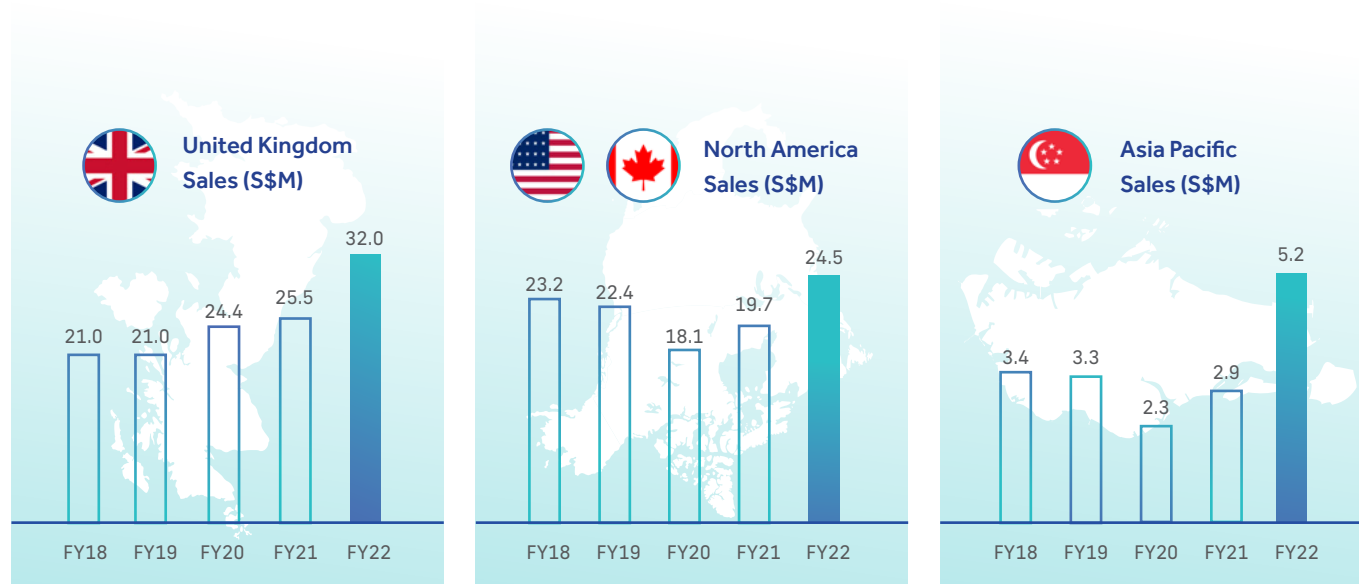
Our expanded sales and marketing teams are moving rapidly to widen our client base across the continents. Under the flagship of BROOK CROMPTON, Brook Crompton UK Limited and Brook Crompton Italy Branch covers the markets in United Kingdom, Middle East, North Africa and Continental Europe; Brook Crompton USA, Inc and Brook Crompton Limited (Canada) covers the North America market and Brook Crompton Asia Pacific Pte Ltd and Brook Crompton Australia Pty Ltd cover the Asia Pacific market.



Financial Highlights

Income Statement (S\$'000)	FY2018	FY2019	FY2020	FY2021	FY2022
Turnover	47,646	46,697	44,861	48,087	61,745
Profit from continuing operations	3,622	3,866	2,158	2,661	1,977
Total Profit attributable to shareholders	3,622	3,866	2,158	2,661	1,977
Statement Of Financial Position (S\$'000)					
Non-current assets	2,316	6,527	5,968	4,847	4,755
Current assets	41,019	43,820	46,591	52,167	55,688
Current liabilities	11,321	11,032	11,694	14,825	19,208
Non-current liabilities	587	4,552	4,443	2,742	2,319
Shareholders' fund	31,427	34,763	36,422	39,447	38,916
Statement Of Cash Flows (S\$'000)					
Net cash generated from (used in) operating activities	4,723	3,482	3,090	2,981	(6,270)
Net cash used in investing activities	(83)	(25)	(89)	(82)	(1,280)
Net cash used in financing activities	(1,870)	(1,475)	(1,457)	(812)	(1,608)
Cash & cash equivalents at the beginning of financial year	12,956	15,392	17,601	19,279	21,233
Effect of exchange rate fluctuation on cash held	(334)	227	134	(133)	1,237
Cash & cash equivalents at the end of financial year	15,392	17,601	19,279	21,233	13,312

SALES BY GEOGRAPHICAL SEGMENT



Corporate Structure

BROOK CROMPTON

a **WOLONG** company

NORTH AMERICA

- Brook Crompton USA, Inc
- Brook Crompton Limited (Canada)

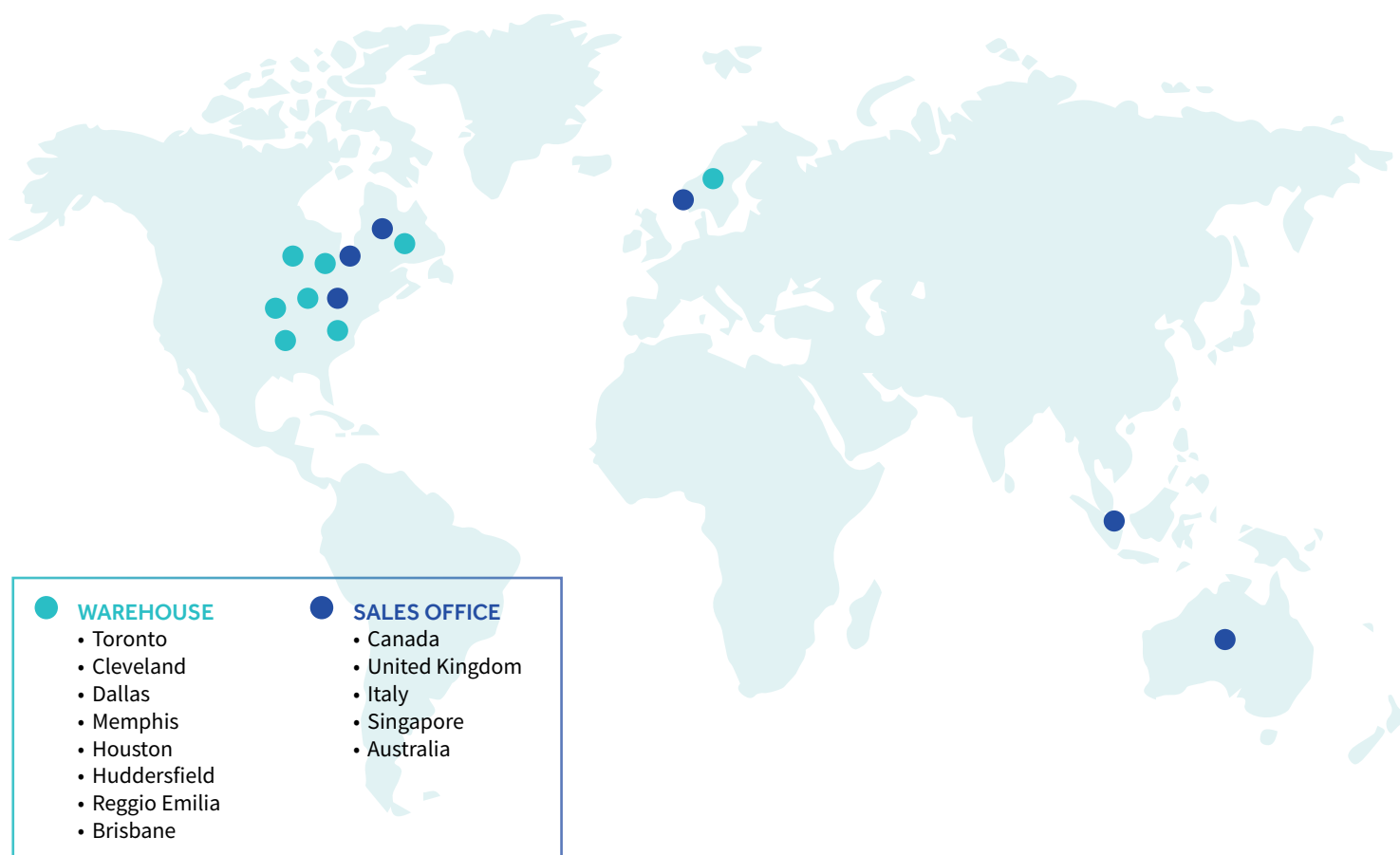
UNITED KINGDOM & CONTINENTAL EUROPE

- Brook Crompton UK Limited
- Brook Crompton Italy Branch

ASIA PACIFIC

- Brook Crompton Asia Pacific Pte Ltd
- Brook Crompton Australia Pty Ltd

Geographical Presence



Chairman and CEO Statement

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present to you the annual report for Brook Crompton Holdings Limited ("The Group") for the financial year ended 31 December 2022 ("FY2022").

In 2022 the Group continued to see the pattern that started end of 2021 of strong orders and revenue in most regions. Restrictions were fully lifted in the majority of the countries except China. China 'Zero Covid' tolerance had some impact on deliveries and the effectiveness of the manufacturing in China which had an impact on supply chain and therefore revenue for the group, which continue to experience long lead times from the factories who were managing the impact of high orders input in the first half of the 2022. The inventories available in the Group's warehouses supported through the long lead times from the suppliers. During the second half of the year the raw material prices such as copper electrical steel and cast iron reduced however this was largely offset by increasing energy costs. During the year we witnessed strong recovery in the oil and gas petrochemical water and wastewater plant maintenance and service enquiries with the end users. Our group has strong established service partner network especially in UK who are supporting the end user market.

The strategy taken by management to expand suppliers in Europe and China has supported the demand and high growth sales revenue in comparison from the previous year.

In the second half of the year the group has seen the first significant revenue from its operations in Australia which has a growing book stretching into the second half of 2023 driven by demand in the energy sector which places the company in an improved position to develop its wider Asia Pacific business in 2023. Whilst the core market in UK showed a healthy positive development in both orders and sales revenue, the Group's newly acquired business in Italy faced challenging conditions in 2022 with local market uncertainty linked to the impact of the conflict in Ukraine, but this was partly offset by using this operation to develop new business channels in North Africa.

The Group has appointed new management to further develop its European Union business. In the North American market, the Canadian business was able to maintain stability, with the USA showing healthy growth which is expected to continue into 2023. Reduction in the rates of container shipping globally, predictions for falling inflation and interest rates, combined with continued demand in the Company's core segments lead the Management to be confident of the trend continuing in 2023.

With the expectation of a global recovery post the COVID-19 pandemic, 2021 saw the Group begin to invest in building business in wider foundations, establishing an Australian entity as a branch of its' Singapore sales office, and laying the foundations for an Italian branch.

The year started with all the main business areas of the Group in some form of a "lockdown" with this continuing in various forms for much of the year. In the prior year, the Company established protocols for remote working and was therefore well positioned to carry forward its' business without interruption through these lockdowns. The ability to maintain stability in its core areas of trade positioned the Company effectively to be able to move forward as the economies around the world opened up, with the UK Government's partial lifting of restrictions in April a notable milestone.

A strong position in inventory in Canada, the UK and the USA has allowed the business to support its key customers throughout the year despite frequent interruptions in supply chains and ongoing high costs of freight from the Asian manufacturing countries. In the 2nd half of the year the decision was also made to introduce additional product lines outsourced to new suppliers in the East of Europe in order to provide a strategic alternative to the Company's long standing suppliers in China, Germany, Poland, Serbia and Vietnam. This forms a core part of the Company's strategy for expansion.

The second half of the year saw the return in confidence to certain industries, notably oil and gas and petrochemical, which is expected to continue the increase in investment into 2022. As the lockdown's further eased toward the end of 2021, it became clear that end users across all industry segments were starting to increase their spend on maintenance, which had been neglected throughout the 1 ½ years of pandemic lockdowns. The Company supports and maintains a strong distribution and service partner base which is heavily driven by the end users. This enabled the Company to finish the year with all 4 trading regions showing orders banks increased compared with the prior 12 months.

Financial Highlights

Financial performance

The Group turnover for the financial year ended 31 December 2022 increased by 28.4% to S\$61.7 million. This is mainly due to sales increases in United Kingdom market, United States market and additional sales contributed by new markets, ie Australia and Italy. Gross profit in 2022 is lower as compared to 2021, resulted from lower margin contributed for the bulk orders from customers.

Other income in 2022 is much higher as compared to 2021 mainly due higher license fee income and administrative fee income reimbursed from related companies for cost sharing.

The distribution and marketing costs in 2022 are much higher as compared to 2021, mainly due additional headcount hired to develop new business regions of the Group. At the same time, higher sales commission, transportation and traveling resulted from higher sales in 2022. Besides, there is restructuring costs incurred in 2022. Higher administrative expenses and other expenses in 2022 mainly due additional operating costs for new business regions, with additional headcount hired to support the operations of the new entities. Other losses in 2022 is relative higher, as compared to 2021 mainly due to higher allowance for impairment on inventories, impairment of provisional goodwill and net foreign exchange translations losses in 2022.

As a result of the above, profit before income tax decrease by 24.8% to S\$2.8 million and EBITDA (earnings before interest, tax, depreciation and amortisation) decrease to S\$3.7 million in 2022 from S\$4.6 million in 2021. Income tax expense in 2022 is much lower as compared to prior year, due to lower profit before tax attributable during the financial year.

Statement of Cash flow Highlights

Net cash used in operating activities of S\$6.3 million in current financial year. However, prior year is net cash generated from operating activities of S\$3.0 million. This is mainly due to stocks investments in new business regions and higher stocks maintained in United Kingdom and North America warehouses. Net cash used in financing activities in 12 months ended, 31 December 2022 is much higher as compared to prior year, mainly due dividend pay-out in current financial year and additional repayment of lease obligations for new business regions. Net cash position stands at S\$13.3 million as at 31 December 2022, which is much lower as compared to net cash position of S\$21.2 million as at 31 December 2021.

Statement of Financial Position Highlights

Net assets decreased by 1.3% to S\$38.9 million as compared to year ended 2021's S\$39.4 million, after taking in the profit of S\$2.0 million, dividends paid of S\$0.7 million and exchange differences on translation of foreign operations of S\$2.1 million for the financial year 2022. Current ratio remains at a healthy level of 2.9 as at 31 December 2022.

Chairman and Ceo Statement

The cash and bank balance decreased by 37% to S\$13.3 million mainly resulted from stocks investment in new regions of the Company and additional buffer stocks kept in respective region to meet the demand of the customers. Trade and other receivables increased by 15% to S\$15.7 million from prior year of S\$13.6 million, resulted from sales picking up last few months of the financial year and additional sales contributed by new regions. As at 31 December 2022, only 4.2% of overall trade receivables are past due more than 180 days and 1.2% of overall trade receivables are past due 91 – 180 days, after management has performed an assessment of the estimated the future cash flows of the debts and determined expected credit losses.

The Inventories as at 31 December 2022 increased by 56% to S\$26.3 million as compared with prior year with S\$16.9 million as at December 2021. Significant increase in inventories mainly due to stocks investment in new business region, such as Australia and Italy. At the same time, with experienced of supply chain problem, the Company has to keep more stocks to meet the demand of the customers.

Current liabilities have increased by 30% to S\$19.2 million from S\$14.8 million prior year. The increase mainly due increased in trade payables, resulted from slow payment made to suppliers due to longer shipment time from Factory, most of the goods shipped by factory have yet to be received and unable to settle the payment to suppliers. These are mainly related to sales orders under ex-works incoterms. Overdue invoices that relate to goods in transits have yet to be settled.

Non- current liabilities have decreased by 15% to S\$2.3 million from S\$2.7 million prior year. The decrease mainly due to lower retirement benefits obligations in Brook Crompton North America. At the same time, lease liabilities gradually reduced with remaining lease term.

Steering towards a resilient future

The Company has the aim in 2023 to continue its expansion and achieve growth into new business areas, with a view to develop further its Australian operation strengthening the value-added solutions offering through competent teams and operations. In Europe utilising further the recently acquired operation in Italy which was set up to enable effective trading within the European Economic Union. Investment will continue in sales and customer management making operations more resilient by using IT and customers portal, new emphasis will be made to strengthen the effectiveness of the operational management of the Group. We are well into the journey of implementing this in Canada, where the operational and supply team has been restructured and this will prove a model for the other entities within the Group. Using the management principles through ISO accreditation we continue to strengthen our management systems in each region.

The Group will continue to reinforce its supply and logistics chains utilising central functions and roles, and with shortages of raw materials expected as 2022 progresses due to the increased demands from the electric vehicle industry, the Management believe that the model of holding stock to service the core end users' industries remain effective in all 3 global regions.

Further investments will be made in IT systems to allow the Group's core partners to become more self-sustainable, allowing the key personnel in the team to focus on strategic business development.

Agile and continuous development of products and opportunities in various markets, strengthened by identifying and supporting opportunities in various green technologies and markets – all aligned through a global product management function within the organisation.

The Group remains committed to its focus on highly efficient engineering solutions, providing reliable cost-effective solutions for industry working with competent end user focused distribution network. Low cost of ownership and sustainability are core values of the Group.

United Kingdom and Europe, Middle East and North Africa

In 2023 we will be supporting more projects and solution offerings in the UK business, which together with operational changes will allow the Company to exploit potential within Europe as well as the UK & Ireland, starting with some of the former markets of strength for Brook Crompton. We have Strengthen the distribution network and presence in the middle and North Africa. The Company will continue to work on the North African market, supported by the Wolong Group in some cases. The prediction of the UK economic growth is that will continue slowing down through 2023, however there will be growth in the Company's core segments of trading. Investment is expected in some of the former Soviet republics which are key oil and gas players, and the Company will seek to develop those through its network of partners.

North America

Working together with number of Identified strategic customers to support future collaboration and new products and growth establishment in HVAC market, as well supporting distribution network by expanding our sales and support presence. We continue building relationship with OEMs in order to focus into a business where we are not currently present, adding value with our inventory and modification capabilities for short lead times and engineering support.

Higher growth rates are expected in both the Canadian and USA markets when compared to the UK market, however high rates of inflations are also expected. A shortage of product on the shelves of its competitors is expected to leave the Company in a positive position due to its inventory in hand. New products will be introduced allowing the Company to leverage its current sales channels whilst effectively controlling cost.

Asia Pacific

As the Asia Pacific region we continue to use the support of the Wolong Group production unit in Vietnam and "close to the market" production in able to grow its business with local partners in Singapore, Malaysia and Thailand as well as work with HVAC strategic OEM's in this area We will strengthen our end client focus and sales presence to insure our installed base and customers are supported by our teams and distribution network. The Company will establish warehousing in Australia to support partners in Australia and New Zealand and will introduce products to allow it to pursue project work in the Australian water, mining and steel industries.

In Appreciation

Despite of the extended COVID-19 pandemic impact on some of our factory supply the group has been agile with its supply chains and operations building risk mitigations plans in order to support the business and its team members to ensure support has been provided to our customers and industry we operate in. has persisted longer and more severely than the Management of the Group had expected. Despite the longer supply chain disruption, Russian – Ukrainian war and uncertainty in the energy supply specifically in Europe, high inflation etc the employees, the families of the employees (who supported our colleagues working from home), our partners, customers, and the Board of Directors have remained positive throughout and committed themselves to the success of the business.

Group was able to successfully position itself with strong order growth through the year at the end of 2022 such that it could move forward into 2023 with growth.

The Management would like to take this opportunity to thank the Board of Directors for their diligence, their challenges, and their support, and we would like to thank all of our employees and business partners as we look forward to 2023

PANG XINYUAN
Chairman

Julijana Ristov
Chief Executive Officer

Board of Directors

MR PANG XINYUAN

Chairman, Non-Independent,
Non-Executive Director

Mr Pang was appointed as a Director of the Company and Chairman of the Board of Directors on 10 November 2016.

He is the Director of Wolong Holding Group Co., Ltd (Wolong Holding) and Chairman of Wolong Electric Group Co., Ltd ('Wolong Electric' and together with Wolong Holding, the "Wolong Group") a company listed on Shanghai Stock Exchange. He also holds directorship in several companies in the Wolong Group and the ATB Group. Before joining Wolong Group, he had held managerial position at Vishay Intertechnology Asia Pte Ltd. He earned a DBA degree from the School of Advanced Finance, Shanghai Jiao Tong University and a Masters in Advertising and Marketing from Leeds University after obtaining a Bachelor degree in Shanghai Jiao Tong University.

Mr Pang is also a member of the Audit Committee, the Nominating Committee and the Remuneration Committee.

Mr Pang was last re-elected as a Director of the Company on 23 June 2020 and he will be retiring pursuant to Article 104 of the Company's Constitution at the forthcoming AGM. Being eligible, he has offered himself for re-election. The Board has supported his re-election as a Director and is recommending his re-election for shareholders' approval at the Company's AGM.

Directorships in other listed companies and other principal commitments

Present

1. Wolong Electric Group Co., Ltd.
2. Wolong Holding Group Co., Ltd.
3. ATB Austria Antriebstechnik AG

Past (for the last 5 years)

Nil

DR KNUT UNGER

Lead Independent Director

Dr Unger was appointed as a Director of the Company on 01 August 2007. After completing his legal training in Germany, he participated in a European Community programme designed to help develop the judicial systems of emerging democracies in Eastern Europe. He has since worked as a solicitor in both Germany and Singapore.

He is currently a partner at Luther LLP, where he primarily advises on European investment projects in Southeast Asia. He also serves on the advisory boards for various German and Austrian investments in Singapore, Malaysia and Hong Kong. Dr Unger holds a PhD in law from the University of Freiburg.

Dr Unger is also the Chairman of the Nominating Committee and the Remuneration Committee and a member of the Audit Committee. Dr Unger was last re-elected as a Director of the Company on 29 April 2021. Pursuant to Rule 210(5)(d)(iv) and Transitional Practice Note 4 of the SGX-ST Listing Manual, Dr Unger who has been a Director of the Company for more than 9 years, will retire as an Independent Director at the AGM of the Company in 2024.

Directorships in other listed companies and other principal commitments

Present

Partner in Luther LLP

Serves on the advisory boards for various German and Austrian investments in Singapore, Malaysia and Hong Kong

Past (for the last 5 years)

Nil

MR CHAO MUN LEONG

Independent Director

Mr Chao was appointed as an Independent Director of the Company on 1 July 2016.

He has over 36 years of working experience in the electronic industry having accumulated his experience from working with a number of multinational corporations such as General Electric, Varta Batteries, Philips Components and Vishay Inc. Mr Chao is also the advisory consultant to the CEO office of Wolong Electric Group Co., Ltd.

Mr Chao graduated from the Singapore Polytechnic in the field of Polymer Science and Technology and further obtained a post graduate diploma in Business Administration.

Mr Chao is the Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee. Mr Chao was last re-elected as a Director of the Company on 28 April 2022.

Directorships in other listed companies and other principal commitments

Present

CAYTECH International LLP
Advisory Consultant to the CEO office of Wolong Electric Group Co., Ltd.

Past (for the last 5 years)

Profit Velocity Solutions LLC, USA

Management Team

MRS JULIJANA RISTOV

Chief Executive Officer

Mrs Julijana Ristov was appointed as Chief Executive Officer of the Company on 1 Dec 2022. She is responsible for the Company's operations, strategic planning, corporate management and business development. Prior to becoming the CEO of Brook Crompton Holdings Mrs Ristov held the role of Deputy CEO of the Company, before re-joining the company she spent over 25+ years in the electric motors and drives sector. She has also held role of a council member for the UK BPMA trade association (British Pump Manufacturers Association) since 2015. Mrs Ristov started her early engineering and management carrier with Brook Crompton in the International Projects Department in Huddersfield United Kingdom, and she continued accumulating working and leadership experience in the sector through various roles in the multinational corporation Siemens.

Mrs Ristov holds a bachelor Degree in Industrial Automation and Electrical Machines from "St Kiril and Methodij" University, Skopje Macedonia.

MR RANDY CONNOLLY

General Manager And Director
Brook Crompton North America

Mr Randy was appointed as General Manager and Director of Brook Crompton North America in February 2018, responsible for overseeing the sales, procurement, operations and finance in the North America. He was employed in 2016 as Vice President Sales of Brook Crompton North America, responsible for the sales of North America. He has over 44 years of working experience in electric motor industry accumulated from a number of multinational corporations such as General Electric, WEG Electric Corp and Westinghouse Electric Corporation. Mr Randy holds a bachelor in Economics from State University of New York.

MS CHEN YANNI

Supply Chain Director

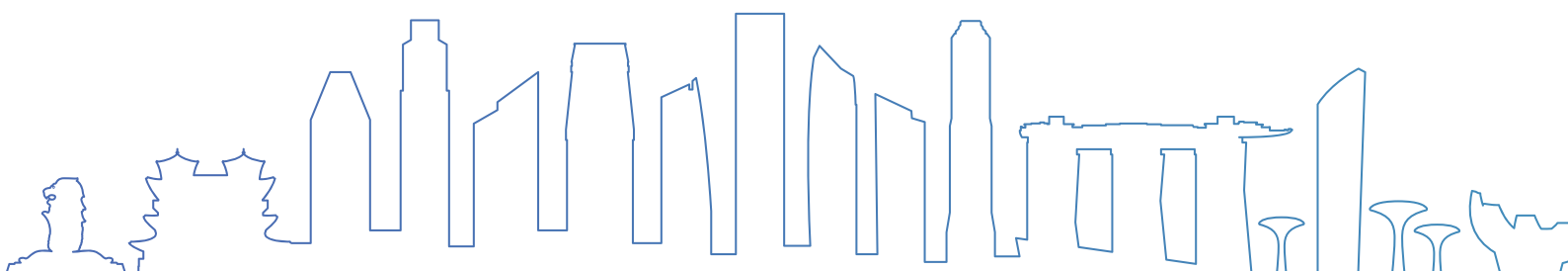
Ms Chen Yanni was appointed as Supply Chain Director of the Company on 1 March 2023. She is responsible to oversee the Company's supply chain management and build necessary business infrastructures that make sure supply chain operations run smoothly.

She is Chairman and Chief Executive Officer of Wolong Holdings Group Co., Ltd ("Wolong Holdings"), a company listed on the Shanghai Stock Exchange. She also holds directorship in several companies in the Wolong Group. She earned a EMBA degree from China Europe International Business School. She holds Master's Degree in Finance, University of London, Imperial College of Science, Technology and Medicine, after obtaining a Bachelor Science degree from the University of Reading.

MS SHAVY KWAN

Financial Controller
Brook Crompton Holdings Ltd

Ms Shavy Kwan responsible for all accounting, financial and taxation matters. She joined the company in November 2017 over 20 years of experience in commercial accounting and audit. Before joining the Company, she served as the Financial Manager in two Singapore Exchange Main Board listed companies and was with Deloitte & Touche as an Assistant Audit Manager. She holds Association of Chartered Certified Accountants (ACCA) accounting qualification and is a Chartered Accountant of the Institute of Singapore Chartered Accountants.



Product Application

Alliance with suppliers for distribution of electric motors to various users via established sales channel

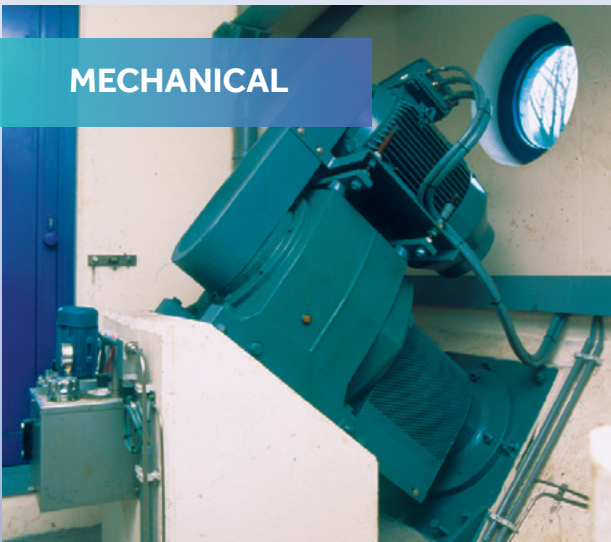
PUMPS



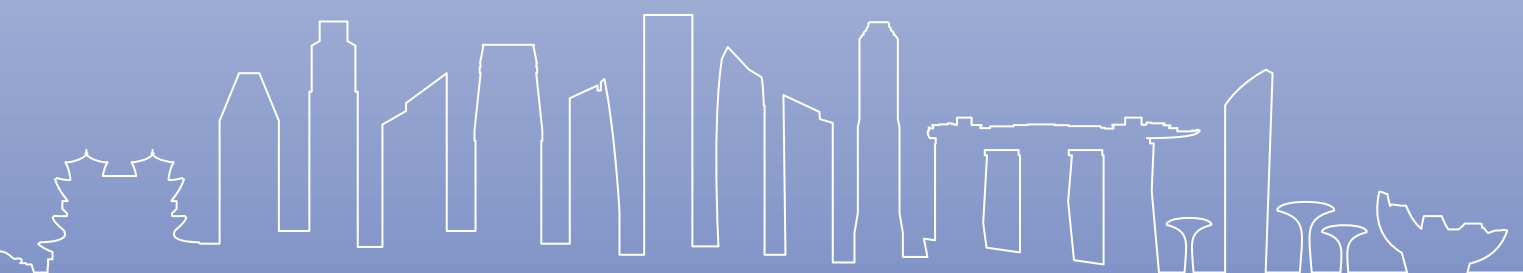
FANS



MECHANICAL



PROCESSES



Industrial Application

Partnership with electric motor users for strategic geographical market outreach

HVAC



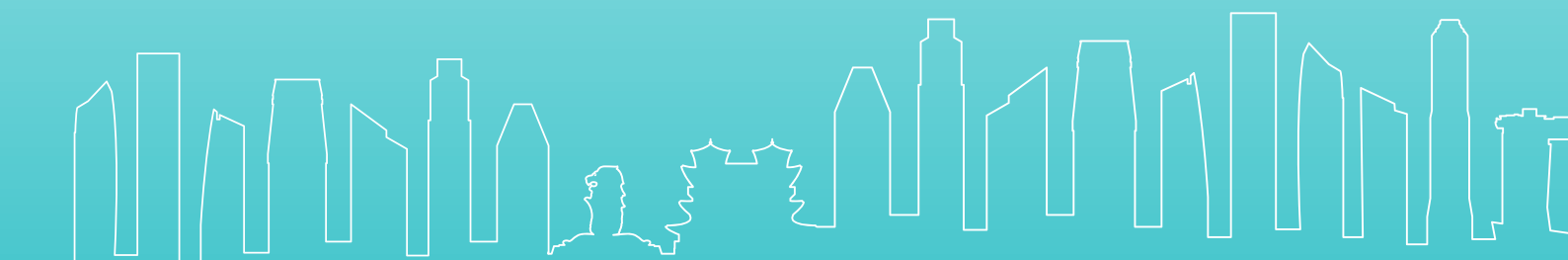
MARINE



MINING



OIL AND GAS



Corporate Information

Board Of Directors

Pang Xinyuan

Chairman/
Non-Independent, Non-Executive Director

Knut Unger

Lead Independent Director

Chao Mun Leong

Independent Director

Remuneration Committee

Knut Unger

Chairman and Lead Independent Director

Chao Mun Leong

Member/Independent Director

Pang Xinyuan

Member/Non-Independent, Non-Executive Director

Company Secretary

Ang Siew Koon

Audit Committee

Chao Mun Leong

Chairman & Independent Director

Knut Unger

Member/Lead Independent Director

Pang Xinyuan

Member/Non-Independent, Non-Executive Director

Registered Office

19 Keppel Road,
#08-01, Jit Poh Building
Singapore 089058
Tel No: (+65) 6227 0308
Fax No: (+65) 6227 0605
Email: mgt@brookcromptonholdings.com

Nominating Committee

Knut Unger

Chairman and Lead Independent Director

Chao Mun Leong

Member/Independent Director

Pang Xinyuan

Member/Non-Independent, Non-Executive Director

Registrar, Agent And Transfer Officer

Tricor Barbinder Share
Registration Services
(a division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

Auditors

RSM Chio Lim LLP
8, Wilkie Road
#03-08, Wilkie Edge,
Singapore 228095
(appointed from financial year ended
31 December 2021)
Audit Partner: Eu Chee Wei David

Corporate Governance Report

OUR COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance within the Company and its subsidiaries (the “**Group**”) as part of its mission to enhance shareholder value for the long term. The Company’s corporate governance policies and practices that were in place throughout the financial year ended 31 December 2022 (“**FY2022**”) are guided by the corporate governance principles and provisions of the Code of Corporate Governance 2018 (last amended 11 January 2023) (the “**Code**”) (and its accompanying Practice Guidance issued on 6 August 2018 (last amended 11 January 2023)) which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Rules**”).

The Company has endeavoured to adhere to the principles and provisions stipulated in the Code in FY2022. This Corporate Governance Report (the “**CG Report**”) details the Group’s corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the provisions set out in the Code, and the Listing Rules where applicable.

In the opinion of the Board of Directors of the Company (the “**Board**”), the Company has generally complied with the principles set out in the Code for FY2022. Where there are any deviations from the Code, appropriate explanations have been provided in this CG Report.

BOARD MATTERS

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

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

Board’s role

The Board’s primary role is to provide entrepreneurial leadership, set and monitor the execution of the Group’s strategies, and to ensure that all the necessary resources (including financial and human resources) are in place for the Company to meet its objectives of enhancing long-term shareholders’ value. To safeguard shareholders’ interest and the Company’s assets, the Board has in place a risk management framework where all the risks within the Group are assessed and managed to ensure prudent and effective controls of the Group’s assets. The Board constantly reviews Management’s performance to ensure that they are on track in carrying out the strategies set by the Board and that any deviations should be explained and justified. The Board recognises that the perceptions of key stakeholders groups affect the Group’s reputation, and in this connection, the Board regularly seeks their feedback to improve the Group’s performance and in ensuring that their expectations are met. The Board also recognises that it is important to constantly uphold the Group’s reputation, and in this regard, it has set the Group’s values and standards (including ethical standards) to ensure that its obligations to shareholders and other stakeholders are understood and met. In setting these values and standards, the Board has also considered environmental, social and governance factors to ensure sustainability of the Group’s business.

Directors’ fiduciary duties

The Directors bring with them their diversified qualification, skills and experience, and shall at all times use reasonable diligence to exercise judgment in discharging their duties and responsibilities in the interests of the Company and the Group. Where there are circumstances in which a Director has a conflict of interest or it appears that the Director might have a conflict of interest in relation to any matter, the Director concerned will recuse himself from participating in the discussions and decisions of the matter. Such compliance will be recorded in the minutes of meeting or in the Board resolutions.

Corporate Governance Report

Directors, especially those with multiple board representation must ensure that they give sufficient time and attention to the affairs of the Company. Information on the Directors' other listed company directorships and principal commitments (if any) is disclosed in the "Board of Directors" section of this Annual Report.

Role of Non-Executive Directors

During the year under review, the Non-Executive Directors had participated actively in the Board and Board Committee meetings. They were not afraid to challenge the proposals put forth by the Management team, and were able to provide constructive feedback on the proposals presented to the Board and Board Committees.

Board orientation and training

The Directors receive regular updates on changes in the relevant laws and regulations which are relevant to the Group at the Board meetings. Directors are also encouraged to attend training programmes conducted by the Singapore Institute of Directors or other training providers on topics that are relevant to their performance of duties as a Director or Board Committee member on a regular basis to enhance their skills and knowledge, at the expense of the Company.

Where a new Director is appointed, he/she will be provided with a formal appointment letter setting out the Director's duties and obligations. If the new Director has not served on any company listed on SGX-ST, he/she will be required to attend the basic course for new Directors of listed companies conducted by the Singapore Institute of Directors. The new Director will be provided with minutes of the Board and Board Committees' meetings for the past one year, the Company's Constitution and Terms of Reference of the Board Committees. The new Director will also receive appropriate induction including briefings on the Group's structure, strategic objectives, business operations, policies and governance practices of the Group. All the Directors are also given the opportunities to visit the Group's operational facilities and to interact with members of the Management team.

In FY2022, the Directors attended training courses of their choice, and if the training is relevant to the performance of their duties as a Director of the Company, they may request for the expenses to be borne by the Company. During the year, all Directors had attended the mandatory training on sustainability matters prescribed by SGX-ST. Mr Chao, the AC Chair attended trainings conducted by the Singapore Institute of Director relevant to his duties as a member of the AC.

Delegation of authority to Board Committees

The Board is supported by three Board Committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). The responsibilities and authorities of each committee are set out in their respective terms of reference. The Board accepts that although it has delegated specific responsibilities to these Board Committees, it is the Board which makes the final decision and the ultimate responsibility lies with the Board. The activities of the Board Committees are reported to the Board by the respective Committee Chairmen after each meeting.

Corporate Governance Report

Matters reserved for the Board

The Group has put in place an internal guideline on matters that are reserved for the Board. The matters that require the Board's approval include the following:

- (i) The Group's strategies, objectives, and board policies;
- (ii) Annual budgets;
- (iii) Major funding;
- (iv) Material acquisitions, investments and divestments;
- (v) Capital commitment above certain set limit;
- (vi) Interested person transactions;
- (vii) Financial results announcements and public announcements;
- (viii) Payment of interim dividends and recommendation of final dividends;
- (ix) Changes to the composition of the Board and Board Committees; and
- (x) Appointment of key management personnel and their remuneration.

Meetings of Board and Board Committees

Following the amendment to Rule 705 of the Listing Manual which took effect from 07 February 2020, the Company ceased quarterly reporting and adopted the half-yearly reporting of the Company's and Group's financial statements, having considered the compliance efforts and costs in connection with quarterly reporting.

The Board meets at least twice a year on a half-yearly basis, to deliberate and approve the half yearly financial results and announcements, and other matters requiring Board's discussion and approval. The half-yearly Board meetings and the Company's Annual General Meeting ("AGM") are scheduled in advance with consultation with all the Directors to enable the Directors to plan their schedule ahead. In addition to these scheduled meetings, ad-hoc Board meetings are also convened when the Directors deemed these meetings to be necessary. If the Directors are not able to attend in person at the venue of the meeting, they may participate in the meeting via teleconferencing or video-conferencing. If a physical meeting is not possible or deemed not necessary in between the scheduled meetings, the Directors may agree and pass resolutions by written means.

Corporate Governance Report

in FY2022, a total of four (4) Board Meetings were held. The table below shows the attendance of the Directors at general meetings, and meetings of the Board and Board Committees in FY2022:

The attendances of the Directors at the meetings of the Board and Board Committees during the financial year ended 31 December 2022 are as follows :-

[illegible]

Corporate Governance Report

Access to information

The Management endeavours to provide the Board with complete, adequate and timely information prior to the Board meetings and on an on-going basis for the Directors to deliberate and make informed decisions to discharge their duties and responsibilities. Board and Board Committees meeting papers and materials are circulated to the Directors, as far as possible, at least one week before the scheduled meetings so as to give Directors sufficient time to read and to raise questions or request for further information or materials before the meetings. As and when there are important matters that require the Board's attention, the information will be furnished to the Directors as soon as practicable, and if need be, ad-hoc meetings will be convened for the Directors to discuss and make decisions. Information that is provided to the Directors include, amongst other things, the financial report and analysis, yearly budgets and forecast, and other relevant information for the agenda items tabled at the meetings.

All the Directors have separate and independent access to the Management for records and other information as they may require. Key management personnel or external consultants are invited to the Board and Board Committees meetings to make the relevant presentations and to answer any queries from the Directors.

The Management also provides all members of the Board with monthly financial report or any information requested by the Board to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

The Company Secretary function is outsourced to Tricor Singapore Pte. Ltd. The Directors have separate and independent access to the outsourced Company Secretary, whose duties and responsibilities are defined in the letter of engagement. The Company Secretary and/or his/her representative(s) provide corporate secretarial support to the Board which includes attending all Board and Board Committees meetings and the Company's general meetings, ensuring that all Board and general meeting procedures are followed, and facilitating good information flow between Management and the Board, as well as within the Board. The Company Secretary, together with the Management, also ensures that applicable rules and regulations of the Companies Act 1967 of Singapore (the "Companies Act") and the listing requirements are adhered to. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

The Directors, either individually or as a group, may also seek such independent professional advice on any Company matters as he may require, at the Company's expense.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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 31 December 2022 and the date of this CG Report, the Board comprises the following three (3) members, all of whom are Non-Executive Directors, and two (2) of whom are Independent Directors:

Mr Pang Xinyuan	Non-Independent, Non-Executive Director & Chairman
Dr Knut Unger	Lead Independent Director
Mr Chao Mun Leong	Independent Director

Profile of the Directors, detailing their qualifications, directorships in other listed companies and principal commitments, their appointment to the Board and the date of their last re-election can be found under the "Board of Directors" section of this Annual Report.

Corporate Governance Report

Board independence

The Board has established a process for determining the independence of Directors. On an annual basis, each and every Independent Director is required to declare and confirm his/her independence via a prescribed declaration form. Based on the declaration, the NC will deliberate and determine whether a Director is independent taking into consideration the circumstances set forth in Provision 2.1 of the Code and Listing Rule 210(5)(d), as well as other factors including whether that Director is able to exercise independent judgment and whether he/she has any relationships or circumstances which are likely to affect his/her independent judgment and character. In accordance with Listing Rule 210(5)(d), a Director will not be independent under any of the following circumstances:

- (a) a Director being employed by the Company or any of its related corporations for the current or any of the past three (3) financial years;
- (b) a Director who has an immediate family member who is, or has been in any of the past three (3) financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC; and
- (c) a Director who has been a Director on the Board for an aggregate period of more than nine (9) years (whether before or after listing). Such Director may continue to be considered independent until the conclusion of the next AGM for the financial year ending on or after 31 December 2023. This rule was amended by SGX-ST on 11 January 2023 to impose a hard 9-year ruling on independent directors and revoking the previous mandatory 2-tier voting process.

In addition, the NC and the Board consider the following circumstances recommended by the Code's Practice Guidance which will deem a Director as not independent:

- (a) a Director, or whose immediate family member, in the current or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service. As a guide, payments aggregated over any financial year in excess of S\$50,000 should generally be deemed significant;
- (b) a Director who, in the current or immediate past financial year, is or was, or whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder (i.e. with at least 5% interest) of, or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal service). As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant; and
- (c) a Director who is or has been directly associated with a substantial shareholder (i.e. with at least 5% interest) of the Company, in the current or immediate past financial year.

The NC reviewed the independence of the Independent Directors, namely Dr Knut Unger and Mr Chao Mun Leong. The NC noted that the two Independent Directors had no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and they had exercised objective judgment on corporate affairs independently from Management. The NC was satisfied that each Independent Director has demonstrated independence in his conduct, character and judgment during discussion sessions of the Board and Board Committees. Each of the Independent Directors had abstained from deliberating on his own independence.

The Company is in compliance with Provision 2.2 of the Code whereby the Independent Directors make up a majority of the Board when the Chairman is not independent. The Company has also complied with Provision 2.3 given that all the members of the Board are Non-Executive Directors.

Corporate Governance Report

Board size

The NC and the Board review the size of the Board on an annual basis, and based on the latest review, was satisfied that the present Board size is appropriate to facilitate decision-making considering the nature of the business and the operations of the Company and the Group.

Board balance

The Board had concurred with the NC's view that the current Board provides an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as age, with core competencies in accounting/finance, legal, business management and marketing. Dr Knut Unger, who is the Company's Lead Independent Director, possesses professional legal qualifications and is currently a practicing lawyer. Mr Chao Mun Leong, who is the AC Chairman, brings with him more than 36 years of working experience in the electronics industry and expertise in finance and business advisory. Mr Pang Xinyuan, the Non-executive Board Chairman, who has a Master Degree in Advertising and Marketing from the Leeds University, brings with him not only marketing expertise, but also vast experience in business management, having served as Director and Vice President of Wolong Holding Group Co., Ltd and CEO and Chairman of Wolong Electric Group Co., Ltd, a company listed on the Shanghai Stock Exchange.

Board diversity policy

In FY2022, at the recommendation of the NC, the Board adopted a Board diversity policy that addresses gender, skills and experience and other relevant aspects of diversity. Specifically, the Board has set age, gender, skills, experience, background and ethnicity as the relevant aspects of diversity ("**Relevant Aspects of Diversity**") for the Board. Through the policy, the Board has also set, *inter alia*, the following targets and objectives:

- (a) to include individuals with a good mix of the Relevant Aspects of Diversity on the Board with at least one (1) member having an attribute of the Relevant Aspects of Diversity;
- (b) to uphold a team of experts (both skills and experience) in the relevant industry, domain and fields on the Board;
- (c) to have at least one (1) candidate possessing an attribute of the Relevant Aspects of Diversity in the selection process for any new appointment of Directors;
- (d) to include the Relevant Aspects of Diversity as criteria in the selection process for appointment and re-appointment of Directors;
- (e) to include the Relevant Aspects of Diversity as criteria for evaluation of Board's effectiveness; and
- (f) to ensure the diversity of the Board aligns with the long-term business goals of the Company.

The Company is in the process of identifying suitable candidates for Independent Director who will meet the above diversity targets and objectives, especially gender, to meet timeline to fill the Board vacancy when Dr Knut Unger retired as Independent Director or re-designated as Non-Independent Non-Executive Director at the next AGM in 2024 in line with the mandatory prescribed timeline under Listing Rule 210(5)(d). Notably, the Company has appointed a female Chief Executive Officer ("**CEO**"), Ms Julijana Ristov in December 2022 when Mr Richard Eason retired as CEO at that time.

The composition of the Board is reviewed on an annual basis by the NC to ensure that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective of issues that are brought before the Board.

Non-Executive Directors meet without presence of Management

For a more effective check on the Management team, the Non-Executive Directors had met several times without the presence of Management in FY2022 to discuss informally the more sensitive issues (including the performance of the Management).

The two Independent Directors meet periodically or sometimes over telephone calls, albeit on an informal basis to discuss matters relating to the Company. Where necessary, appropriate feedback will be provided to the Chairman after such informal meetings or discussions.

Corporate Governance Report

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

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 Company ensures that the roles of the Chairman and the CEO are separate so that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The role of the Board Chairman is assumed by Mr Pang Xinyuan, who is a Non-Independent, Non-Executive Director. The role of the CEO was assumed by Mr Richard Eason until his retirement on 1 December 2022 and he was succeeded by Ms Julijana Ristov who took over the CEO role on the same date. There is no familial relationship between the Chairman, Mr Pang Xinyuan and both CEOs, Mr Richard Eason and Ms Julijana Ristov.

The Chairman is responsible for leading the Board. He approves the agenda for all the Board meetings, with consultation of the Management and the Company Secretary and he ensures that all the Board meeting materials containing complete and adequate information reach all the Directors in a timely manner to facilitate meaningful discussion at the meetings. He promotes high standards of corporate governance by inviting the Directors to give constructive feedback on the proposals presented at the meetings and encourages them to debate openly on the matters presented. To facilitate effective contributions from the rest of the Non-Executive Directors, the Chairman initiates regular informal discussions, sometimes without the presence of the Management team members.

As the Chairman, who has deemed interest in the shares of the Company held by Wolong Electric Group Co., Ltd, the immediate holding company of the Company, is not an Independent Director, the Board has appointed Dr Knut Unger to be the Lead Independent Director where shareholders with concerns may contact him, when contact through the normal channels of communication via the Chairman, CEO or the Financial Controller has failed to provide satisfactory resolution, or when such contact is inappropriate or inadequate.

The CEO, Mr Richard Eason (succeeded by Ms Julijana Ristov), is responsible for the day-to-day operations of the Group and implementing the strategies and policies approved and adopted by the Board.

PRINCIPLE 4: BOARD MEMBERSHIP

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.

Nominating Committee and its activities

As at the date of this CG Report, the NC comprises three (3) Directors, the majority of whom, including the NC Chairman, are independent. Dr Knut Unger, who is the Lead Independent Director, assumes the position of NC Chairman. The composition of the NC is as follows:

Dr Knut Unger	Chairman of the NC, Lead Independent Director
Mr Chao Mun Leong	Member, Independent Director
Mr Pang Xinyuan	Member, Non-Independent Non-Executive Director

The NC meets as and when necessary, at least once a year. The NC held one meeting in FY2022. During FY2022, the NC conducted activities in line with its terms of reference.

The NC's responsibilities are set out in the terms of reference of the NC. Their duties and responsibilities include making recommendations to the Board on relevant matters relating to:

- (a) reviewing new appointment/replacement to the Board and re-election of the Directors to the Board;
- (b) reviewing appointment/replacement of key management personnel;
- (c) reviewing succession plans for the Directors, the Chairman, the CEO and key management personnel;
- (d) developing a process and criteria for evaluation of the performance of the Board, the Board Committees and the Directors;
- (e) reviewing the training and professional development programmes for the Directors;
- (f) reviewing annually, and as and when circumstances require, if a Director, is independent.

Corporate Governance Report

Directors' selection and nomination process

The NC has put in place a process for nomination and selection of new Directors. The process starts with the annual review of the Board size, composition, balance and diversity. From this review, the NC will identify gaps and draw up the attributes of the potential candidate(s) required by the Company. The search for potential candidate(s) will include through the network of the Directors and the controlling shareholder, professional firms, external consultants and the Singapore Institute of Directors. The profile and curriculum vitae of the potential candidate(s) will be submitted for NC's screening and selection. The NC will meet with the potential candidate(s) if deemed necessary to further assess their suitability and fit with the Board before making recommendations to the Board.

In recommending new appointment and re-election of Directors, the NC will consider factors such as existing Board size, composition, balance and diversity, the need for progressive Board renewal and the individual's competencies and his/her commitment and contributions to the Board.

Directors' rotation and re-election

All the Directors appointed to the Board are required to submit themselves for re-nomination and re-election at least once in every three years in line with Listing Rule 720(5). The Constitution of the Company provides that at each AGM, one-third of the Directors who have served the longest since their last re-election (or, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third) must retire from office and if they are eligible, they may stand for re-election. If the Director retiring is a NC member, he/she must abstain from deliberating and voting on his/her own nomination for re-election.

As the NC has been charged with the responsibility of reviewing the independence of each and every Independent Director at least on an annual basis, the NC has established the process to determine a Director's independence. Once a year, after the end of the financial year under review, the Form of Declaration of Independence will be sent to the Independent Directors for their confirmation and declaration. The duly signed Declaration Forms will then be tabled for the NC's review. In considering whether an Independent Director is independent under the Listing Rules and the Code, the NC will not solely based its assessment on the Declaration Form. The NC will consider if each of the Independent Directors has exercised and can continue to exercise independent judgement. The NC will then present its conclusion to the Board for the Board's concurrence. The NC will convene a meeting if circumstances call for it, to review the independence of an Independent Director in between the annual review.

As at the end of FY2022, Dr Knut Unger ("**Dr Unger**") has served on the Board for more than nine years from the date of his appointment on 1 August 2007. The NC (save for Dr Unger who abstained from deliberation in this matter) had performed a rigorous review to assess his independence and was satisfied that he maintains an appropriate degree of independence when fulfilling his role as an Independent Director. The NC had also considered the fact that there were several changes in Management, including a change in controlling shareholder during his tenure of service. Hence, it is important for the Board to have a Director with history of the Company and the Group where the rest of the Board members can tap on. The Board (with Dr Unger abstaining) had concurred with the NC's view in that Dr Unger has maintained his independence and is capable of making independent judgment.

Pursuant to Listing Rule 210(5)(d)(iv) which will take effect for AGM held for financial year ending on or after 31 December 2023, a Director will not be regarded as Independent Director if he/she has been a Director for an aggregate period of more than nine (9) years. In accordance with the Listing Rules Transitional Practice Note 4, Dr Unger can continue to remain as an Independent Director until the Company's AGM in 2024 which will coincide with his 3-year retirement schedule since his last re-election.

Corporate Governance Report

Mr Chao Mun Leong (“**Mr Chao**”) was appointed to the Board on 1 July 2016. For transparency, the NC has set out its determination of the independence of Mr Chao as follows:

- (i) The NC (save for Mr Chao who abstained from deliberation on this matter) noted that Mr Chao has declared that he has since April 2018 been engaged by Wolong Electric Group Co Ltd (“**WEG**”) (a majority shareholder of the Company which has deemed interest of 66.10% in the Company) as an advisor to the CEO. Mr Chao’s engagement with WEG was carried out through Caytech International LLP of which Mr Chao is the beneficial owner. The type of advisory services which Mr Chao provides to WEG includes advising WEG on the:
 - 1) Development of international sales strategies for aggressive growth;
 - 2) Sales organisation and structure realignment;
 - 3) Redefining global key account management;
 - 4) Developing global distribution strategies;
 - 5) Developing and implementing sales training program for key talents; and
 - 6) Introducing international sales contract and agreement policy.
- (ii) The NC took into account that the annual advisory fee which Mr Chao received from WEG was less than S\$200,000 which was within the threshold set out in the Practice Guidance to the Code for determining the independence of a Director. The NC also considered Mr Chao’s performance on the Board and Board Committees, and had observed that Mr Chao had at all times discharged his duties with professionalism and objectivity, constantly challenged Management’s proposals in a constructive manner, and acted as an effective check on the Management. The NC (with Mr Chao abstaining) agreed that Mr Chao had exercised independent judgement in the best interests of the Company and should therefore be considered as an Independent Director.

Mr Chao was last re-elected in April 2022 and shall remain as an Independent Director with his independence continued to be subject to the NC’s scrutiny each year.

Mr Pang Xinyuan (“**Mr Pang**”), the Non-Independent Non-Executive Chairman, who was last re-elected as a Director of the Company on 23 June 2020, will be retiring pursuant to Article 104 of the Company’s Constitution at the forthcoming AGM. Mr Pang, being eligible, has offered himself for re-election. The NC (save for Mr Pang who abstained from deliberation on this matter) having assessed Mr Pang’s performance and contributions to the Company, had recommended his nomination for re-election. The Board (with Mr Pang abstaining) concurred with the NC’s recommendation. The details of Mr Pang as required under Listing Rule 720(6) are set out in the ‘Disclosure of Information on Directors Seeking Re-Election’ section of this Annual Report.

Maximum limit on outside directorships

To ensure that Directors are able to carry out his/her duties adequately to the Board, the NC, with the concurrence of the Board, has determined that the maximum number of listed company board representations which any Director of the Company may hold is five (5). All Directors have complied with this requirement in FY2022. The Company has adopted internal guidelines to remind Directors that they have to ensure they are able to devote sufficient time to serve on the Board and Board Committee(s) of the Company if they serve on multiple boards. Details of the Directors’ directorships in other listed companies and principal commitments (if any) are disclosed in the “Board of Directors” section of this Annual Report.

No Alternate Director

The NC would generally avoid recommending to the Board the appointment of alternate Director as it is of the view that alternate Director should only be appointed under special circumstances, for example, when a Director has a medical emergency. Under such circumstances, the alternate Director should only be appointed for a limited time period. The process for the appointment of an alternate Director will be the same as the appointment of any new Director, and he/she is expected to be appropriately qualified, knows the duties and responsibilities of a Director and is familiar with the Company’s business affairs. No alternate Director was appointed in FY2022.

Corporate Governance Report

PRINCIPLE 5: BOARD PERFORMANCE

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 recommended and the Board has approved a formal system of evaluating Board performance and assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each Director to the effectiveness of the Board. The evaluation of Board performance is carried out on an annual basis through the use of evaluation forms. The assessment of the Board as a whole deals with matters such as Board composition, availability of Board information, Board processes, Board accountability, risk management, Board's contribution towards development of strategy, Board's response to problems and crisis and standards of conduct.

The evaluation of individual Director's performance is based on criteria such as the Director's attendance at meetings, Director's participation, contribution, knowledge, compliance of corporate governance rules, and ability to maintain independence in conflicting issues. The Board Committees' evaluation deals with the efficiency and effectiveness of each Committee in assisting the Board.

The evaluation forms completed by each Director for the assessment of the Board, Board Committees and individual Directors are submitted to the Company Secretary who will assist to compile and summarise for presentation to the NC. The Chairman of the NC will then present the deliberations of the NC to the Board. Chairman of the Board would act based on the result of the evaluation, and in consultation with the NC, propose actions to be taken, if required, including where appropriate, the appointment of new Director(s) or seeking the resignation of Director(s).

The last Board performance evaluation was conducted in February 2023. Based on the review, the NC was satisfied that the Board was effective as a whole and that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Board Committees. The Company did not engage any external consultant to facilitate the Board performance evaluation for FY2022.

REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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.

Remuneration Committee and its activities

The RC was established to assist the Board in reviewing the framework of remuneration for the Directors and key management personnel, and in determining the specific remuneration packages for each Executive Director, Non-executive Director and key management personnel. The RC is comprised of three (3) Directors, all of whom are non-executive, and the majority of whom, including the Chairman, are independent. The composition of the RC is as follows:

Dr Knut Unger	Chairman of the RC, Lead Independent Director
Mr Chao Mun Leong	Member, Independent Director
Mr Pang Xinyuan	Member, Non-independent Non-Executive Director

During FY2022, the RC conducted activities in line with its terms of reference.

Corporate Governance Report

The RC is regulated by a set of written terms of reference, which has been approved by the Board. The roles and responsibilities of the RC include, among other things, the following:

- reviewing and recommending to the Board a general framework of remuneration for the Directors and key management personnel;
- reviewing and recommending to the Board the specific remuneration packages for each of the Directors and key management personnel; and
- reviewing the Company's obligations arising in the event of termination of the Executive Director(s) and/or the CEO and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

In determining the specific remuneration packages of the Executive Director(s) and/or the CEO and key management personnel, the RC will consider all aspects, including but not limited to director's fees (if applicable), salaries, allowances, bonuses, options, share-based incentives and benefits in kind. None of the RC members or Directors is involved in the deliberations in respect of any form of remuneration or benefits to be granted to him. RC members have authority to engage external consultancy services on remuneration related matters to discharge their duties when necessary. No external consultant was engaged to advise the RC on remuneration matters in FY2022.

The RC had reviewed the termination clauses in the contracts of service of the CEO and key management personnel, and opined that the terms are fair and reasonable, and not overly generous. The RC will ensure that it is fair in rewarding the CEO and key management personnel, and poor performance will not be rewarded. The Company does not have any Executive Director in FY2022.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

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 linked to performance

The remuneration packages for the CEO and the key management personnel comprised fixed and variable components. The variable component is linked to the performance of the individual and board division level, entity level and/or Group level to ensure the interests of the CEO and that of the key management personnel are aligned with the interests of shareholders and other stakeholders as the remuneration is linked to both individual and corporate performance. Before the commencement of a new financial year, the Company will develop the key performance indicators ("KPIs") for the CEO and the key management personnel, and the variable portion of their remuneration will depend on whether they meet the set KPIs for the financial year. The KPIs comprise financial and non-financial metrics. Financial metrics include increase in revenue and profits. Non-financial metrics include cultivating good corporate culture and building relationship with suppliers and customers. The Company sees value creation as improving the revenue and profits, thereby increasing the return to shareholders.

In setting KPIs, considerations were given to promote the long term success of the Company. The Company aims to set remuneration level to attract talent, retain and motivate directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

Currently, the Group has not considered the use of contractual provisions to allow the Group to reclaim incentive components of remuneration from the CEO and the key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group as the Company opines that there are sufficient safeguards in place.

Corporate Governance Report

Non-Executive Directors' fees

Independent Directors are remunerated having taking into account their responsibilities and time spent on the affairs of the Company. Their fees are not excessive as to affect their independence and objectivity.

Mr Pang Xinyuan, who is the Board Chairman and the only Non-independent, Non-Executive Director on the Board, did not receive any Director's fee for FY2022. He was nominated to the Board by Wolong Holding Group Co. Ltd, a deemed substantial shareholder of the Company and had waived his right to the Director's fee.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration of the Directors and CEO for FY2022 (include remuneration received from the Company and any of its subsidiaries) is disclosed to the nearest thousand dollars and that of the key management personnel (who are not Directors or CEO) is disclosed in the band of S\$250,000 as follows:

Remuneration table for Directors and CEO

Directors	Remuneration S\$ '000	Fee %	Salary %	Allowances %	Bonus %	Post Employment Benefit %	Total %
Non-Executive Directors							
Dr Knut Unger	50	100	Nil	Nil	Nil	Nil	100
Mr Chao Mun Leong	50	100	Nil	Nil	Nil	Nil	100
Mr Pang Xinyuan ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
CEO							
Mr Richard Eason ⁽²⁾	336	Nil	69	10	16	5	100
Ms Julijana Ristov ⁽³⁾	98	Nil	92	Nil	Nil	8	100

(1) Mr Pang Xinyuan has waived his right to receive Director's fee for FY2022.

(2) Mr Richard Eason retired as CEO on 1 December 2022.

(3) Ms Julijana Ristov was appointed as Deputy CEO on 29 August 2022 and re-designated as CEO on 1 December 2022.

The remuneration of the CEO disclosed above includes a breakdown in percentage term of the remuneration earned through base/fixed salary, allowances, benefits-in-kind and variable or performance-related bonuses. The Non-Executive Directors' remuneration comprised solely of Directors' fees which were approved by shareholders at the AGM held last year. There were no stock options, share based incentive/awards and other long-term incentives for the Directors and CEO.

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Remuneration bands of key management personnel (who are not Directors or the CEO)

Key management personnel	Salary %	Allowances %	Bonus %	Post Employment Benefit %	Total %
Above S\$250,000					
Mr Randy Connolly	66	12	3	19	100
Below S\$250,000					
Ms Shavy Kwan	68	Nil	17	15	100

The Company has disclosed the remuneration of the abovenamed key management personnel in bands of S\$250,000 as required by the Code, setting out the percentages in terms of salary, bonus, allowances and post-employment benefits. The Company has disclosed the remuneration of the top two key management personnel (instead of the top five as stated in Provision 8.1 of the Code) as the Company considers that it only has two key management personnel (excluding the CEO), taking into consideration the size of the Group's operations. There were no stock options, share based incentive/awards and other long-term incentives.

The total remuneration paid to the top two management personnel for FY2022 was S\$582,225.

Remuneration of employees who are substantial shareholders or are immediate family members of a Director, CEO or substantial shareholder

In FY2022, there were no employees of the Company or the Group who were substantial shareholders of the Company, or were immediate family members of any Director, CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the year.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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, with the assistance from the AC, is responsible for the governance of risk by ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets, and determine the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

The Group has in place an Enterprise Risk Management ("ERM") Framework which governs the risk management process of the Group. Through this framework, risks capabilities and competencies are continuously enhanced. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. The risk management process in place covers, *inter alia*, financial, operational, compliance and information technology controls risks, including any sanctions-related risk faced by the Group. The key risks of the Group are deliberated by the Management and reported to the AC. The AC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-a-vis the external and internal environment which the Group operates in.

Corporate Governance Report

The Company carried out an assessment on sanctions-related risks following the Singapore Exchange Regulation's Regulatory Column issued on 7 March 2022 and confirmed that the Company does not have trade or non-trade transactions with any individuals and corporates which are subject to sanctions.

The Board and the AC will be (i) responsible for monitoring the Company's risk of becoming subject to, or violating any sanctions law; and (ii) ensuring timely and accurate disclosures to SGX-ST and other relevant authorities. The terms of reference of the AC has also included the additional role of the AC to monitor the risk and to assess whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Company.

Complementing the ERM framework is a Group-wide system of internal controls. The Group has in place a risk management process that requires the Group to perform a Control Self Assessment to assess the effectiveness of its internal controls.

In addition, the AC, with the assistance of internal auditors, reviews the adequacy and effectiveness of the Group's internal control systems. Internal and external auditors would highlight material control findings from their field audit. These findings together with improvement recommendations are reported to the AC. The AC will review the internal and external auditors' comments and findings, ensure that there are adequate internal controls within the Group and that follow up actions are taken and recommendations from the auditors are implemented.

The risk management reports and the internal audit reports are submitted to the AC at least on a yearly basis for discussion. The AC may request for more regular reports if deemed necessary.

The Board has received assurance:

- from the CEO and the Financial Controller that, as at 31 December 2022 the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- from the CEO and the Financial Controller who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems in addressing key financial, operational, compliance (including any sanctions-related risk) and information technology controls.

Based on the review of the key risks identified through the ERM process, and the internal controls established and maintained by the Group, work performed by the internal auditors, reviews performed by the Management and the AC; and the aforesaid assurances from the CEO and the Financial Controller, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance (including any sanctions-related risk) and information technology risks, and the risk management systems were adequate and effective as at 31 December 2022.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit Committee which discharges its duties objectively.

Audit Committee and its activities

The AC is comprised of the following three (3) Non-Executive Directors, the majority of whom are independent, including the AC Chairman:

Mr Chao Mun Leong	Chairman of the AC, Independent Director
Dr Knut Unger	Member, Lead Independent Director
Mr Pang Xinyuan	Member, Non-independent Non-Executive Director

At least two (2) members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. For information on the relevance of the AC members' skillset and experience, please refer to the Directors' profile under "Board of Directors" section of this Annual Report.

Corporate Governance Report

During FY2022, the AC conducted activities in line with its terms of reference and its statutory duties prescribed under Section 201B(5) of the Companies Act.

The AC is regulated by a set of written terms of reference endorsed by the Board. The duties and responsibilities of the AC include amongst others, the following:

- Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and announcements relating to the Company's financial performance;
- Reviewing the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, information technology controls, risk management systems and any sanction-related risk at least annually;
- Reviewing assurance from the CEO and the Financial Controller that the financial records have been properly maintained and give a true and fair view of the Group's operations and finances;
- Reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;
- Reviewing the scope and results of the external audit, the independence and objectivity of the external auditors relating to the audit and non-audit services provided by them, the adequacy of resources and the effectiveness of the audit;
- making recommendations to the Board regarding the appointment, re-appointment and removal of the external auditors;
- Reviewing the terms of engagement of the external auditors and the external audit fees;
- Reviewing the appointment, termination and fee of the internal auditor;
- Reviewing interested party transactions;
- Determining the Group's level of risk tolerance and risk policies;
- Review the policy and arrangements (eg whistle blowing) by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

The AC has the explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and 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 Board is of the view that all the members of the AC are appropriately qualified to discharge their responsibilities. The AC is not comprised of any former partner or director of the Group's existing auditing firm or audit corporation and none of the members have any financial interest in the Group's existing auditing firm or corporation.

The AC meets with the external auditors and the internal auditors without the presence of Management at least annually. During the financial year under review, the AC held separate private session with the external and internal auditors once without the presence of the Management and CEO. The last private session was held in February 2023.

The Company confirms compliance with Rule 712 and 715 of the Listing Rules in relation to its engagement of auditor.

Corporate Governance Report

The AC reviews the independence of the external auditor on an annual basis, and as and when the situation calls for it. In FY2022, the AC undertook a review of the independence and objectivity of RSM Chio Lim LLP ("**RSM**"), the Company's external auditors through discussions with RSM as well as reviewing the non-audit service fees paid to them. The AC had received an audit report from RSM setting out the non-audit services provided and the fees charged for FY2022. In reviewing the independence of RSM, the AC had noted that the total amount of fees paid to RSM and its affiliated firm (RSM Canada LLP) in FY2022 was S\$203,000 out of which S\$187,000 was for audit services and S\$10,000 was for non-audit services (which is approximately 4.9% of the total audit fees). The AC was of the opinion that the provision of the non-audit services had not affected the independence of the external auditor. The external auditor had affirmed their independence in this respect.

A breakdown of the audit and non-audit service fees paid to the Company's auditors is disclosed on page 83 of this Annual Report.

The AC has recommended the re-appointment of RSM as the Company's external auditors for the financial year ending 31 December 2023.

Whistleblowing policy

The Company had put in place a whistleblowing policy which sets out the procedures for a whistle blower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers. The Company has designated the AC as the independent function to investigate whistleblowing reports made in good faith. The AC is responsible for the oversight and monitoring of whistleblowing. The Company is committed to ensure that the identity of the whistleblower is kept confidential and the whistleblower will be protected against detrimental or unfair treatment. The complaint channels are administered by an independent party, a professional service firm.

Any issue raised would be investigated independently by the AC and the appropriate follow up actions carried out. In FY2022, there were no reports received through the whistle blowing mechanism.

Internal audit

For FY2022, the Company outsourced its internal audit function to Yang Lee & Associates ("**YLA**"). YLA, the outsourced internal auditor, is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. YLA was established in the year 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, retail and property development industries.

The internal audit function is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls and other relevant disciplines.

The internal audit team, independent of the Company's daily operations and accounting functions, has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditors report directly to the Chairman of the AC on all internal audit matters.

The internal audit plan for FY2022 was reviewed and approved by the AC. The internal auditors completed its FY2022 audit review in accordance with the internal audit plan approved by the AC at the beginning of the year. The findings and recommendations of the internal auditors, Management's responses, and Management's implementation of remedial actions were reported to the AC.

The AC reviews the adequacy and effectiveness of the internal audit function at least on an annual basis, and as and when the situation calls for it. For FY2022, the AC is satisfied that the internal audit function was effective, adequately resourced, staffed by qualified and experienced personnel and independent of the activities it audits with appropriate standing within the Company.

Corporate Governance Report

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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.

General meetings of the Company are the main channel where shareholders could interact with Directors, senior management and the auditors to understand the Group's business and also for the Company to understand shareholders' concerns or their views. All shareholders of the Company receive the annual report of the Company and the notice of AGM within the prescribed period. Shareholders are informed of rules, including voting procedures that govern the general meetings of shareholders.

The Company allows all individual and corporate shareholders to appoint up to two (2) proxies to attend general meetings and to vote on their behalf. For corporations which provide nominee and custodial services and the CPF Board, they are allowed to appoint more than two (2) proxies to attend the general meetings.

Members of the Board, the Board Committees and the Management will attend the general meetings to answer any queries raised by the shareholders. The external auditor will also be present at the AGM to answer questions pertaining to the external audit and the Auditor's report. Directors' attendance at the AGM is disclosed at Principle 1 above.

The Company avoids "bundling" of resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

All the resolutions put forth at the general meetings will be voted on by way of a poll. Polling may be conducted either by the manual mode or the electronic mode. In determining which mode to use, the Company takes into consideration cost and expected attendance at the general meetings. An independent scrutineer is appointed for each general meeting to ensure that proper voting process is in place and to direct, supervise and validate the vote count. The detailed polling results are released via SGXNET.

Presently, the Company's Constitution does not provide for absentia voting at general meetings. However, the Company will consider amending its Constitution to allow for absentia voting when the practice is more prevalent and/or adopt absentia voting when relevant legislative changes have been effected.

Minutes of the general meetings are recorded by the Company Secretary, which includes substantive comments or queries from the shareholders and responses from the Board and the Management. The Company holds the view that extending the minutes to the attendees of the general meeting and to shareholders upon their request would be sufficient. Hence, the minutes of general meeting would not be uploaded on the Company's corporate website.

In FY2022, the AGM and EGM were held via 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 "Order"). The minutes of the said AGM and EGM were made available to shareholders on the SGXNet within one month from the date of the AGM/EGM.

Although the Order will be in force up to 30 June 2023, the Company will be conducting its forthcoming AGM by physical meeting to facilitate better shareholder interaction and communication.

Dividend policy

The Company does not have a fixed dividend policy. The frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow and general business condition, development plans and other factors as the Directors may deem appropriate. Any pay-outs are clearly communicated via announcements through SGXNET.

Corporate Governance Report

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

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.

The Company recognises the importance of accountability to shareholders and the Board ensures that all shareholders are treated fairly and equitably, including the non-controlling shareholders. The Company ensures that all shareholders are informed of any material changes in the Group's businesses in a timely manner and that sufficient information is disclosed on all matters that are likely to affect the value of the Company's share price.

The Company values feedback and communication with shareholders and has in place an investor relations policy that set out the principles and procedures in engaging its shareholders and communicating pertinent information to shareholders. The investor relations policy sets out the mechanism which shareholders may contact the Company with questions and through which the Company may respond to such questions. The Company's corporate website has a dedicated investor relations section which shareholders may access for information on its announcements and publications.

All shareholders are given opportunity to participate in the Company's general meetings and to ask questions relating to the motions that are proposed at the general meetings. Shareholders are also given the opportunity to interact with the Directors and the Management of the Company on an informal basis immediately after the general meetings.

In FY2022, the AGM and EGM were held via 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. Shareholders were given the opportunity to raise questions by submitting their questions via a designated website or depositing the questions at the Company's registered address. The Company's response to the queries raised by shareholders were posted on SGXNET prior to the AGM and EGM.

MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

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 Company has regularly engaged its stakeholders through various channels to ensure that the Group's business interests are aligned with those of its stakeholders, and to understand and address the stakeholders' concerns so as to improve the Group's businesses. The stakeholders of the Group have been identified as parties who are impacted by the Group's businesses and operations, including suppliers, customers, employees, shareholders, communities and regulators.

The Company has in place a sustainability policy ("SR Policy") covering the Group's sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring the material environmental, social, governance ("ESG") factors which are important to stakeholders. Under the SR Policy, the material ESG factors are monitored, reviewed and updated from time to time by the Board, taking into account the feedback received from the Group's engagement with its stakeholders, organisational and external developments.

All material information, including financial results announcements, would be disclosed and announced through SGXNET on a timely manner. The Company does not practice selective disclosure. In an event that inadvertent disclosure was made to a select group, the Company will ensure that the same information is disclosed to the public via the SGXNET. Released announcements on the financial results and the past Annual Reports are available on the Company's website – www.brookcromptonholdings.com. The website is updated regularly and provides information on the Group and the Company which serves as an important resource for investors and stakeholders.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS

The AC reviews the Group's interested person transactions ("IPTs") for assurance that the transactions are executed at normal commercial terms and do not prejudice the interests of the Group and its minority shareholders. At the AGM held on 28 April 2022, shareholders of the Company approved the renewal of the General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions with ATB, Wolong Holding Group Co. Ltd and any of its associates and its group of subsidiaries.

The interested person transactions presented in the format pursuant to Rule 907 of the Listing Rules is tabled below:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$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 \$100,000)	
		YTD		YTD	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
General Transactions					
<i>Purchase:</i>					
ATB Nordenham GmbH		–	–	1,117	712
ATB Sever d.o.o.		–	–	590	375
ATB Tamel S.A.		–	–	12,130	11,123
ATB Schorch GmbH	Associates of Controlling Shareholder	–	–	1,040	274
ATB Welzheim		–	–	667	518
ATB Group UK		–	–	318	283
Wolong Electric Group Co Ltd		–	–	10,104	7,141
Wolong Electric America LLC		–	–	-	711
Wolong Electric (Vietnam) Company Limited		–	–	8,100	3,363
<i>Sales:</i>					
ATB Motors B.V		–	–	(253)	–
Acquisition of business*					
Wolong EMEA SRL		1,013	–	–	–
		1,013	–	33,813	24,500

* Acquisition of business from Wolong EMEA SRL disclosed on page 101 of this annual report

The Company regularly conducts independent check for compliance regarding interested person transactions under the Group.

Corporate Governance Report

DEALING IN SECURITIES

The Company has adopted its own internal compliance codes in line with Rule 1207(19) of the SGX-ST Listing Manual applicable to all its Directors and officers in relation to dealings in the Company's securities. For FY2022, the Company and its officers are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year financial results. In addition, the Directors and officers of the Company are discouraged from dealing in the Company's securities on short term considerations.

MATERIAL CONTRACTS

Saved as disclosed under Corporate Governance, in the Directors' Report and in the Financial Statements, the Company and its subsidiaries did not enter into any material contracts involving the interests of the CEO, the Directors or controlling shareholders of the Company during the financial year and no such material contracts still subsist at the end of the financial year.

SUSTAINABILITY REPORTING

The Company has published its Sustainability Report on 6 April 2023. The Sustainability Report is aligned to the SGX-ST Listing Manual and made available through the Company's corporate website and on SGXNET. It should be read in conjunction with the Company's Annual Report 2022.

The Sustainability Report sets out the Group's sustainability practices with reference to the primary components on (i) material ESG factors; (ii) climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures; (iii) policies, practices and performance; (iv) targets; (v) sustainability reporting framework; and (vi) Board statement and governance structure in relation to the sustainability practices. Please refer to the Sustainability Report for the detailed disclosures.

Sustainability Report FY2022

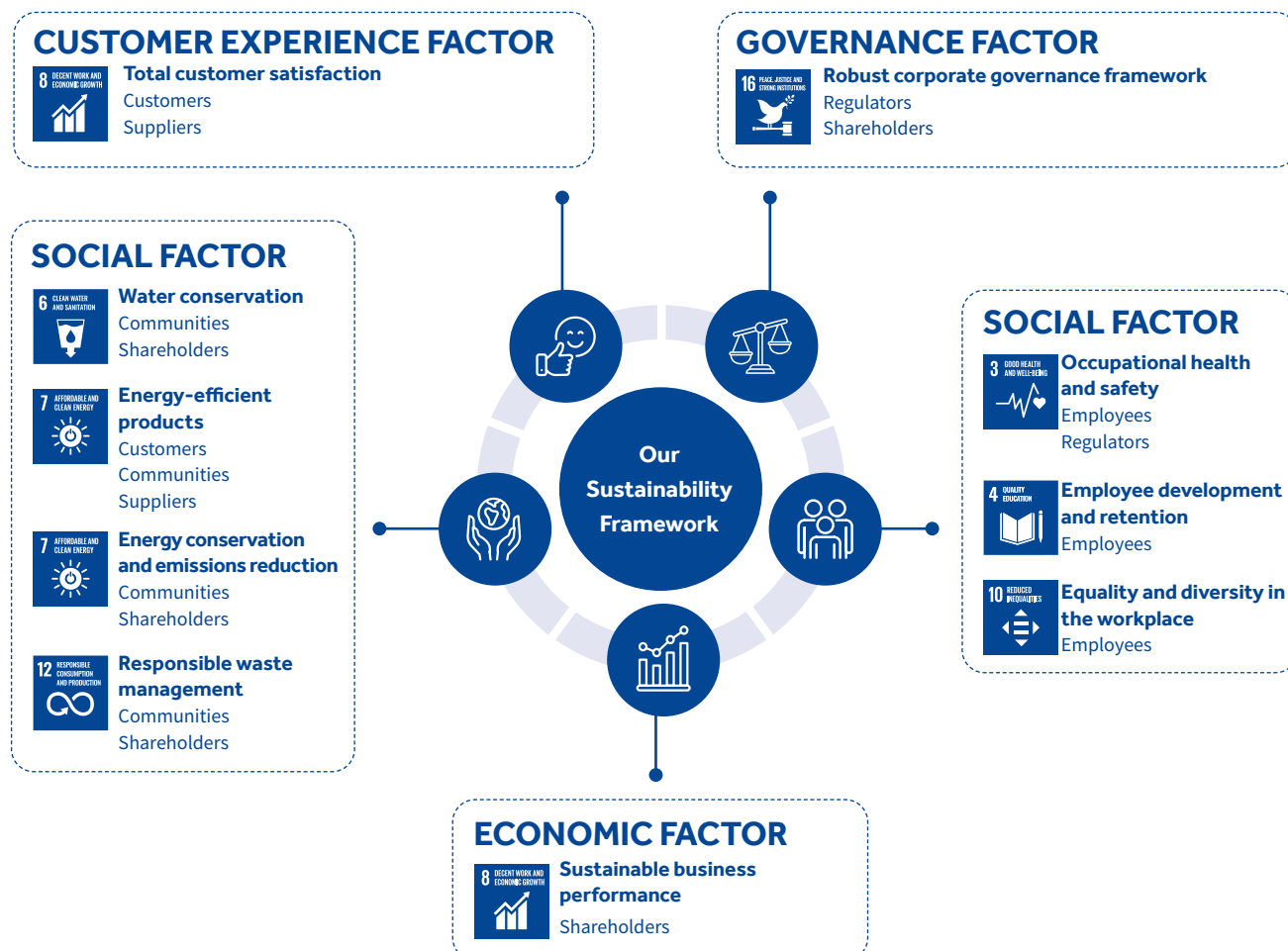
1. BOARD STATEMENT

We reaffirm our commitment to sustainability with the publication of our sustainability report (“Report”). In this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance (“ESG”) factors and economic performance (collectively as “Sustainability Factors”).

Whilst mindful of our profit-oriented objective, we are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure the long-term future of Brook Crompton Holdings Ltd (“the Company”) and its subsidiaries (“the Group”). This commitment is reflected in our sustainable business strategy and the material Sustainability Factors which are shown in this Report.

A sustainability policy (“SR Policy”) covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability 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 Sustainability Factors from time to time, taking into account the feedback that we receive from engagement with our stakeholders, organisational and external developments.

Our sustainability framework communicates our commitment towards supporting the United Nations’ Sustainable Development Goals (“SDGs” or “Global Goals”) and is supported by our key stakeholders, comprising customers, suppliers, employees, communities, regulators and shareholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our Sustainability Factors and the SDGs as follows:



Sustainability Report FY2022

A summary of our sustainability performance in FY2022 is as follows:

Sustainability factor	Performance indicator	Sustainability performance	
		FY2022	FY2021
Customer experience	Product defect rate	0.2%	2.3%
Economic	Revenue	\$61.7 million	\$48.1 million
	Profit for the financial year	\$2.0 million	\$2.7 million
	Dividend per share	2.0 cents	2.0 cents
Environmental	Percentage of products that attained efficiency level under relevant international standards	100%	100%
	Water consumption intensity (Cu M/ number of employees)	20.61	25.85
	Greenhouse Gas ("GHG") ¹ emissions intensity (tonnes CO ₂ e/ square foot of operating space utilised sqft '000)	0.7	0.6
Social	Number of work-related fatalities	–	–
	Number of high-consequence work-related ill-health cases ²	–	–
	Number of recordable work-related injuries	–	–
	Number of recordable work-related ill-health cases	–	–
	Number of reported incidents of unlawful discrimination ³ against employees	–	–
	Percentage of employees who received regular performance reviews	100%	100%
	Average training hours per employee	3.3 hours	0.5 hours
	Turnover rate	17%	20%
Governance	Number of serious offence incidents ⁴	–	–

Whilst we are expecting healthy growth in the coming year with our well-established strategy and customer base for traditional industrial energy efficient products, we also recognise the need and the rapid market demand for renewable energy and energy storage. In the coming year we will be adding and introducing products and solution in our portfolio to cover and expand further into the renewable energy market such as household battery storage and energy storage systems.

- 1 GHG emissions are calculated based on the emissions factors published by the relevant local authorities.
- 2 High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.
- 3 An unlawful discrimination incident refers to one whereby the relevant authority has commenced investigation and resulted in a penalty to the Company
- 4 A serious offence is defined as one that involves fraud or dishonesty and is being or has been committed against the Company by its officers or employees. Such serious offence is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than S\$100,000.

Sustainability Report FY2022

2. OUR BUSINESS

2.1 Value chain

We work closely with our suppliers for the distribution of electric motors to various users via established sales channels. To meet our customers' needs, we offer customisation of the electric motors and provide customer services to our customers through our network of service centres.



Our Suppliers

Sourcing of electric motors and components from our original equipment manufacturer ("OEM") suppliers



Our Operations

- Distribution of electric motors
- Design and customisation of electric motors
- Post sale customer care services



Our Customers

- Wholesalers
- Retailers
- End users and OEM

2.2 People

As at 31 December 2022, the total number of full-time⁵ employees by main geographical segments ("Key Markets") are as follows:

Asia Pacific	United Kingdom ("UK") ⁶	North America	Total
7	43	21	71

3. REPORTING FRAMEWORK

This Report has been prepared in accordance with 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") listing rules. The Company has reported the information cited in the Global Reporting Initiative ("GRI") content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI standards. We have chosen to report using the GRI framework as it is an internationally recognised reporting framework. The GRI content index can be found in Appendix 2 of this 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 which is 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 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.

We are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD") in our climate-related disclosure.

We have relied on internal data monitoring and verification to ensure accuracy for this Report. We will work towards internal review and/or external assurance for our future sustainability reports.

⁵ Entities covered in this Report did not employ part-time employees.

⁶ Employees in United Kingdom include employees of Brook Crompton UK Limited and Brook Crompton Italy Branch.

Sustainability Report FY2022

4. REPORTING SCOPE

This Report is applicable for the Group's financial year ("FY") ended 31 December 2022 ("FY2022" or "Reporting Period"). A Report will be published annually in accordance with our SR Policy.

This Report covers all the entities within our Group which serve our Key Markets listed as follows:

S/N	Entity	S/N	Entity
1	Brook Crompton Holdings Ltd	4	Brook Crompton USA, Inc.
2	Brook Crompton Asia Pacific Pte Ltd	5	Brook Crompton Limited (Canada)
3	Brook Crompton UK Limited	6	Brook Crompton Australia Pty Ltd

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: mgt@brookcromptonholdings.com.

6. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include individuals or groups that have an interest that is affected or could be affected by our activities.

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise customers, communities, employees, regulators, shareholders and suppliers. Key stakeholders are determined for each material Sustainability 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 by stakeholder
1	Communities	Annual reports Investor relations email account	Annually Ongoing	Environmental protection
2	Customers	<ul style="list-style-type: none"> Face-to-face meetings Email communication Phone calls Tele-conferences 	Regularly	<ul style="list-style-type: none"> Product quality and reliability Customer service standards Product delivery
3	Employees	Staff evaluation sessions Town hall meetings	Annually Regularly	<ul style="list-style-type: none"> Workplace health and safety Equal employment opportunity Job security Remuneration Employee benefits and rewards
4	Regulators	Consultations and briefings organised by key regulatory bodies such as the SGX-ST and relevant government agencies/bodies	As and when required	<ul style="list-style-type: none"> Workplace health and safety Corporate governance Regulatory development towards environmental goals

Sustainability Report FY2022

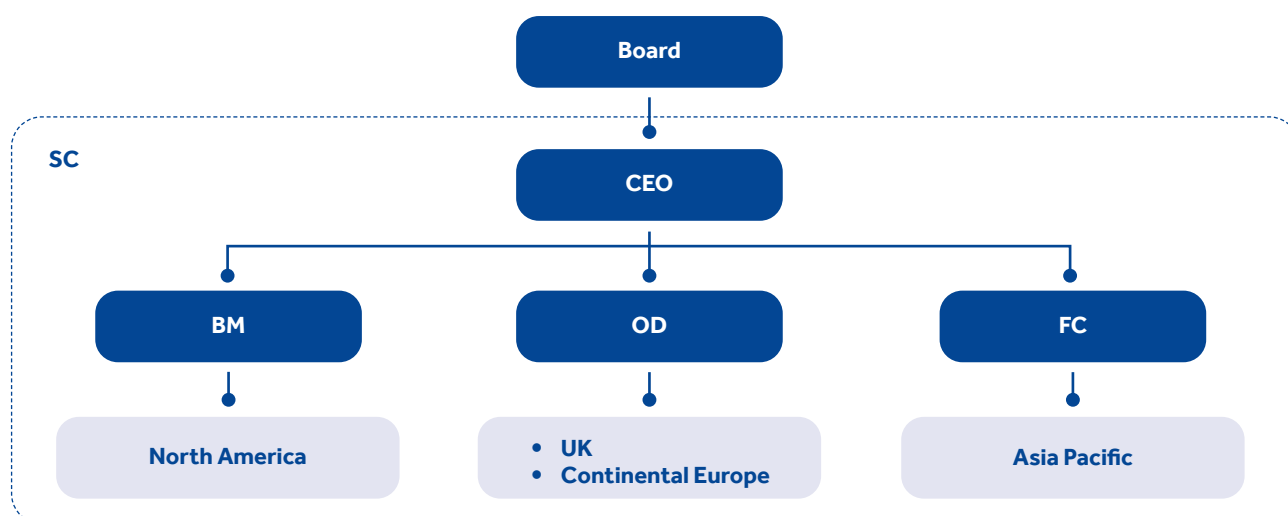
S/N	Key Stakeholder	Engagement channel	Frequency of engagement	Key concern raised by stakeholder
5	Shareholders	Announcements on SGXNET	Half-yearly	<ul style="list-style-type: none"> Sustainable business performance Market valuation Dividend payment Corporate governance
		<ul style="list-style-type: none"> Company's website Investor relations email account Business publications Investor relation events 	Ongoing	
		<ul style="list-style-type: none"> Annual general meetings Annual reports 	Annually	
6	Suppliers	<ul style="list-style-type: none"> Face-to-face meetings Vendor conferences and events 	Regularly	Demand and pricing volatility
		Suppliers' evaluation and feedback sessions	Annually	

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. The Group's Sustainability Committee ("SC"), which includes senior management executives, is led by the Chief Executive Officer ("CEO") 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. The Group's Sustainability Committee comprises CEO, Business Manager ("BM"), Operations Director ("OD") and Financial Controller ("FC").



Sustainability Report FY2022

7.2 Sustainability Reporting Processes

Under our SR policy, our sustainability process begins with an understanding of the Group's context. This is followed by the ongoing identification and assessment of the Group's impacts. The most significant impacts are prioritised for reporting, and the result of this process is a list of material Sustainability Factors disclosed in this Report.



Context

Understand the Group's context by considering its activities, business relationships, stakeholders, and sustainability context of all the entities it controls or has an interest in, including minority interests



Identification

Identify actual and potential impacts on the economy, environment, people and their human rights



Assessment

Assess the significance of impacts



Prioritisation

Prioritise the most significant impacts to determine the material Sustainability Factors for reporting



Review

In each reporting period, review the material Sustainability Factors from the previous reporting period to account for changes in impacts which can result from feedback received from engagement with stakeholders, organisational and external developments

7.3 Materiality Assessment

The materiality assessment considers the likelihood of the occurrence of actual and potential negative and positive impacts ("Likelihood of Impact") and significance of our impacts on the economy, environment, people and their human rights, which include our contribution (negative or positive) to sustainable development ("Significance of Impact").

7.4 Performance tracking and reporting

We track the progress of our material Sustainability Factors by identifying the relevant data points, measuring and monitoring 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 capturing systems. Our sustainability trends can be found in Appendix 1 of this Report.

Sustainability Report FY2022

8. MATERIAL FACTORS

In 2022, a materiality assessment was conducted by the SC to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business and their reporting priority level were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

Presented below is a list of material Sustainability Factors applicable to our Group:

S/N	Material Sustainability Factor	SDG	Key stakeholder
Customer experience			
1	Total customer satisfaction	Decent work and economic growth	<ul style="list-style-type: none"> • Customers • Suppliers
Economic			
2	Sustainable business performance	Decent work and economic growth	Shareholders
Environmental			
3	Water conservation	Clean water and sanitation	<ul style="list-style-type: none"> • Communities • Shareholders
4	Energy-efficient products	Affordable and clean energy	<ul style="list-style-type: none"> • Communities • Customers • Suppliers
5	Energy conservation and emissions reduction	Affordable and clean energy	<ul style="list-style-type: none"> • Communities • Shareholders
6	Responsible waste management	Responsible consumption and production	<ul style="list-style-type: none"> • Communities • Shareholders
Social			
7	Occupational health and safety	Good health and well-being	<ul style="list-style-type: none"> • Employees • Regulators
8	Equality and diversity in the workplace	Reduced inequalities	Employees
9	Employee development and retention	Quality education	Employees
Governance			
10	Robust corporate governance framework	Peace, justice and strong institutions	<ul style="list-style-type: none"> • Regulators • Shareholders

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

Sustainability Report FY2022

8.1 Total customer satisfaction

In line with our mission to develop innovative, adaptable and robust product designs, grow our customer partnership and service network worldwide, we are committed to provide value to our customers through the following strategies:

Offering reliable and efficient products

We aim to deliver the best to our customers by providing them with reliable and efficient products.

On product reliability, our products are certified under various internationally recognised quality standards with details as follows:

Standard/ certification	Area
IEC 60034-5	Demonstrate protection from particles and a good level of protection against water
ATEX certificate	Regulate product safety in explosive atmosphere
IEC Ex Certificate	
UL Certificate	
CSA Certificate	Regulate product safety in safe and explosive atmospheres

In keeping up with our commitment to product quality, we conduct regular on-site inspections of supplier's manufacturing facilities to ensure that guidelines and customer specifications are adhered to. In addition, we track product defect level diligently and this is measured by the amount of warranty claims made as a percentage of total purchases. During the Reporting Period, we recorded a product defect rate of 0.2% (FY2021: 2.3%).

With regards to product efficiency, we believe that offering products that are highly efficient helps our customers to achieve lower long-term cost ownership and also to preserve the environment through lower emissions. Refer to Section 8.4 Energy-efficient products for more details.

Offer a comprehensive product range that meets customers' needs

We offer a wide range of electric motors for operations in safe area segments, hazardous atmospheres and hostile environments to meet our customers' varied needs. Refer to our product applications disclosed in this Annual Report and also a comprehensive list of our products at our corporate website: <http://www.brookcrompton.com/home.aspx>.

Maintain proximity and on-time delivery

Through our global network of sales offices and warehouses in the Key Markets, we are able to better serve our customers through:

- Customising our products to meet the requirements of our customers so as to build trust and confidence in our brand and products. With our extensive technical knowledge and experience, we are able to design bespoke products that meet individual customer's specifications; and
- Providing efficient and effective post-sale customer care services.

Our service centres are typically located alongside solution distribution centres in our Key Markets to bring us closer to our customers.

In light of the supply chain disruptions to the global freight network arising from the Pandemic, we onboarded more OEM suppliers that operate from locations near to our Key Markets in order to deliver our products to our customers timely.

Sustainability Report FY2022

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Nurture a team of experienced employees

With over 110 years of technical and design expertise, our global footprint is driven by a core regional team and experienced professional staff that supports our operations in the development and delivery of complex end-to-end turnkey solutions to our clients.

Improving our products through gathering continuous feedback

We recognise the need to constantly develop new and better products that meet our clients' requirements. Customer feedback is collected from various channels such as face-to-face meetings, visits, email communications, phone calls and teleconferences. Feedback collected is mined to gather valuable insights into current and future customer requirements. Insights gathered are discussed during regular management meetings to drive product improvements, enhance service level and provide inputs for strategies.

Target for FY2022	Performance in FY2022	Target for FY2023
<ul style="list-style-type: none"> Maintain or improve market presence subject to market conditions Product defect rate should fall below 1% 	Target met as follows: <ul style="list-style-type: none"> No material changes in market presence Product defect rate is 0.2% 	<ul style="list-style-type: none"> Maintain or improve market presence subject to market conditions Product defect rate should fall below 1%

8.2 Sustainable business performance

We believe in creating long-term economic value for shareholders by rewarding shareholders by way of consistent profits and healthy balance sheet.

For FY2022, the Group has recorded a revenue of \$61.7 million (FY2021: \$48.1 million) and generated \$2.0 million (FY2021: \$2.7 million) of profit for the financial year. A final tax exempt one-tier dividend of 2.0 Singapore cents per ordinary share (FY2021: 2.0 Singapore cents per ordinary share) is proposed for FY2022.

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

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain or improve our financial performance subject to market conditions	Target partially met as follows: Increase in revenue and decrease in profit for the financial year	Maintain or improve our financial performance subject to market conditions

Sustainability Report FY2022

8.3 Water conservation

Water is a limited resource and whilst we do not consume a significant amount of water in our operations, we are committed to the responsible usage of water resources through enhancing our water consumption efficiency. We rely on water resources for pantry and sanitation purposes. Key statistics on water consumption during the Reporting Period are as follows:

Resource	Water consumption (Cu M)		Water consumption intensity (Cu M/ number of employees)	
	FY2022	FY2021	FY2022	FY2021
Water	1,463	1,680	20.61	25.85

Water consumption and water consumption intensity decreased mainly due to the installation of a new electric heating system at our UK operations, which does not require water as the old boiler system did.

Water consumption trends are regularly tracked, analysed and corrective actions are taken when unusual consumption patterns are observed.

Target for FY2022	Performance in FY2022	Target for FY2023
Not applicable as this is a newly disclosed Sustainability Factor added in this Report	Water consumption intensity decreased	Maintain or reduce water consumption intensity

8.4 Energy-efficient products

To ensure the sustainability of our business, we firmly believe in preserving the environment. Thus, we are committed to providing energy efficient products that contribute to the reduction of environmental impacts.

Efficiency level aims to measure the ratio of usable shaft power (output) to electric input power (Input). Our products include a range of energy efficient motors that comply with market recognised international standards as follows:

Organisation	Efficiency level	Percentage of products with the efficiency level	Region
IEC	<ul style="list-style-type: none"> IE3 Premium Efficiency IE4 Super Premium Efficiency 	100%	<ul style="list-style-type: none"> UK Asia Pacific Continental Europe
Nema	Premium Standards	100%	<ul style="list-style-type: none"> North America

Typically, electric motor systems consume large amount of electrical energy with the related cost contributing a high proportion of total motor operating costs over the motor's lifetime. An improvement in efficiency could result in significant energy and cost savings which will also reduce GHG emissions that result in climate change. Being committed to combating climate change, we are capable of delivering products that are compliant with IE5 Ultra Premium Efficiency on customers' request.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain or improve products' energy efficiency	Target met as follows: All our products have attained the IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels under IEC and Nema respectively	Maintain or improve products' energy efficiency

Sustainability Report FY2022

044 8.5 Energy conservation and emissions reduction

We are committed to responsible usage of energy resources and emissions reduction through enhancing our energy usage efficiency.

To run our operations, we rely mainly on purchased electricity for operating equipment at our premises, lighting, office work and cooling (Scope 2⁷). Other than indirect GHG emissions (Scope 2), we do not generate material direct GHG emissions (Scope 1) from our operations. Therefore, no separate disclosure is made on direct GHG emissions (Scope 1⁸) but we will continue to monitor such emissions and to disclose in future, as and when applicable.

Key statistics on electricity consumption and GHG emissions during the Reporting Period are as follows:

Performance indicator	Unit of measurement	FY2022	FY2021 ⁹
Electricity consumption			
Electricity consumption	kWh	563,608	501,287
Electricity consumption intensity	kWh/ square foot of operating space utilised ('000 sqft)	3,326.5	2,958.6
GHG emissions			
Indirect GHG emissions (Scope 2)	tonnes CO ₂ e	113.5	107.6
GHG emissions intensity	tonnes CO ₂ e/ square foot of operating space utilised ('000 sqft)	0.7	0.6

The increase in electricity consumption and electricity consumption intensity is mainly due to the installation of the new electric heating system at our UK operations.

We believe that a responsible usage of energy resources results in lesser carbon emissions and thus helps to preserve the environment. Key initiatives on this front are as follows:

- We track and review spending on energy consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns;
- We constantly remind our staff on basic and socially responsible habits at their workplaces such as adopting greener work ethics, switching off appliances if not in use and enabling power saving modes;
- We joined a government incentive sustainable transport scheme, 'Decarbonising Transport' in the United Kingdom to encourage the use of more environmentally friendly mode of transport for business purpose, such as cycling and walking;
- In line with our commitment to reduce emissions, for UK, we own a car fleet comprising electric and hybrid cars to reduce reliance on diesel fuel;
- Across the Group, individuals who drive for business are encouraged to purchase fuel efficient vehicles or electric vehicles to save carbon footprint and expenses for fuel; and
- We also adopted usage of virtual collaboration so with more online virtual meetings taking place, employees travel less.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain or reduce GHG emissions intensity	Target met as follows: No material changes in GHG emissions intensity	Maintain or reduce GHG emissions intensity

⁷ Scope 2 GHG emissions arise from the generation of purchased electricity consumed by the Company. Scope 2 emissions physically occur at the facility where electricity is generated.

⁸ Scope 1 GHG emissions occur from sources that are owned or controlled by the Company.

⁹ Figures have been restated as a correction.

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8.6 Responsible waste management

Our planet provides us with an abundance of natural resources. We recognise that environmental preservation through efficient waste management such as reducing and recycling allows us to operate in a conducive and sustainable environment. We are committed to minimise wastage in our operations and minimise potential impact of our operations on the environment.

As most of our product deliveries are outsourced and made directly to customers, waste generated in FY2022 is not material and with no hazardous waste produced. We will continue to monitor waste generated from our operations and make the relevant waste-related disclosure where applicable.

8.7 Occupational health and safety

In our daily operations, our workers have to handle heavy lifting equipment such as a forklift to transfer inventories at our warehouses and machinery to modify our motor products. Accordingly, we are committed to maintaining a safety-conscious culture amongst our employees.

The measures implemented to manage health and safety in the workplace environment are as follows:

- A set of safety rules and regulations is in place;
- A safety committee is in place and safety inspections are performed regularly by safety officers and reported to senior managers;
- All new employees are briefed on safety procedures during orientation; and
- Regularly track and monitor accidents at the workplace and corrective action plans are established to prevent recurrences of the accidents.

During the Reporting Period, we encountered zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases in FY2022 (FY2021: zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases).

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero workplace accident	Target not met as follows: We maintained zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases	<u>On-going and long-term target</u> Maintain zero work-related injuries and ill-health case

8.8 Equality and diversity in the workplace

To inspire and nurture our people, we are committed to the goals of diversity and equal opportunity in employment by providing a work environment for our employees that fosters fairness, equality and respect for social and cultural diversity, regardless of their gender and age. The total number of full-time employees within our Group as at 31 December 2022 is 71 (FY2021: 65¹⁰).

10 Figure has been restated as a correction. Accordingly the relating diversity ratio has been restated.

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Gender diversity (%)

Key statistics on gender diversity of our employees are as follows:

Disclosure	FY2022		FY2021	
	Male	Female	Male	Female
Overall	63%	37%	68%	32%
Management level				
Management	63%	37%	60%	40%
Non-management	63%	37%	70%	30%

Age diversity (%)

We value mature workers for their experience, knowledge and skills. Key statistics on age diversity of our employees are as follows:

Disclosure	FY2022			FY2021		
	Below 30	30 – 50	Above 50	Below 30	30 – 50	Above 50
Overall	10%	38%	52%	8%	51%	41%
Management level						
Management	–	42%	58%	–	53%	47%
Non-management	13%	37%	50%	10%	50%	40%

During the Reporting Period, we have no (FY2021: zero) reported incident of unlawful discrimination against employees.

To promote equal opportunity, we have implemented various human resource measures as follows:

- Assessment is performed regularly to evaluate the performance of employees and their remuneration is adjusted where justifiable;
- Recruitment advertisements do not state age, race, gender or religion preferences as requirement; and
- Discrimination and harassment guidelines are in place to support our overall commitment to equal employment opportunity without discrimination.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero reported incident of unlawful discrimination against employees	Target met as follows: Maintained zero reported incident of unlawful discrimination against employees	<u>On-going and long-term target</u> Maintain zero reported incident of unlawful discrimination against employees

Sustainability Report FY2022

8.9 Employee development and retention

We firmly believe that our success comes from continual investment in our employees. Our sustainable development and growth depend on a steadfast strategy of hiring, retaining and nurturing qualified and experienced personnel. Our Human Resources strategy recognises the importance of social equity and the provision of equal opportunities in an environment that is safe and healthy for employees.

We embrace the philosophy of investing in our people by providing comprehensive training and development opportunities that enhance professional and technical expertise, so that our staff can continuously improve their skills and grow within the Group.

We believe that a low turnover improves the sustainability of our operations and allows us to contribute positively to the development of social and human capital in a wider community. During the Reporting Period, our turnover rate is 17% (FY2021: 20%).

In line with our mission to inspire and nurture our people, we are committed to employee retention through the following efforts:

- Employees are engaged regularly via various channels such as appraisal exercises which allows employees to gain feedback on their career progress. This also encourages them to take self-initiated actions to improve their capabilities. During the Reporting Period, 100% (FY2021: 100%) of employees received regular performance reviews.
- In-house and external training courses are organised regularly for employees to improve their professional skills. For example, a systematic training program is in place in UK, North America and Australia to equip staff with the needed product and service knowledge.

Our employees received 232 hours (FY2021: 30 hours) of training and each employee received an average of 3.3 hours of training (FY2021: 0.5 hours of training per employee). The increase in average training hours is mainly due to relaxed COVID-19 regulations which allowed for more training to take place.

As part of our continual efforts to enhance the knowledge of our Directors on sustainability reporting and to meet the requirement of listing rule 720 (7) of SGX-ST, we confirm that all directors have attended one of the approved sustainability training courses during the Reporting Period.

Target for FY2022	Performance in FY2022	Target for FY2023
<ul style="list-style-type: none"> • Maintain proportion of staff who receives performance and career development reviews • Improve or maintain performance measures identified on staff retention 	Target met as follows: <ul style="list-style-type: none"> • 100% of employees received regular performance reviews • Turnover rate decreased to 17% 	<u>On-going and long-term targets</u> <ul style="list-style-type: none"> • Maintain proportion of staff who receives performance and career development reviews • Maintain or improve average training hours per employees

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8.10 Robust corporate governance framework

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.

We are also committed to carry out business with integrity by avoiding corruption in any form, including bribery, and complying with the Prevention of Corruption Act of Singapore.

We aligned our corporate governance and risk management approach with the Three Lines Model issued by the Institute of Internal Auditors ("IIA"). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first and second line roles), internal audit (third line roles) and the relationship among them are defined as follows:



The IIA's Three Lines Model

Sustainability Report FY2022

Key initiatives taken by us on governance include:

- An enterprise risk management (“ERM”) framework is in place;
- Regularly assess and review our Group’s business and operational environment to better identify and manage emerging and strategic sustainability risks;
- A whistle blowing policy is in place to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others; and
- A code of conduct is in place to provide guidance on business culture and corporate behaviour.




In FY2022, there is no reported incidents of serious offence (FY2021: zero incident). Our overall SGTI score assessed by National University of Singapore Business School is 75 for the year 2022. (Year 2021: 69).

You may refer to Corporate Governance Report of this Annual Report for details for our corporate governance practices.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero incident of serious offence	Target met as follows: Maintained zero incident of serious offence	<u>On-going and long-term targets</u> Maintain zero incident of serious offence

9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDG, which form an urgent call for action by all countries – developed and developing – in a global partnership. We believe that everyone plays an important role in advancing sustainable development and in order to align our business objectives with the SDG, we have identified a number of SDG which we can contribute to through our business practices, products and services. The SDG that we focus on and the related Sustainability Factors are as follows:

SDG	Our effort	
 3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	<u>Section 8.7 Occupational health and safety</u> We adopt safety measures and procedures to avoid accidents that are preventable and in so doing, maintain the well-being and safety of our workers.
 4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<u>Section 8.9 Employee development and retention</u> We invest in training, education and development of our people to enhance our business competencies and maintain a quality workforce which comprises a team of professional, highly skilled and experienced employees that contributes to the continuity of our business and also helps to contributes to economic growth.
 6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	<u>Section 8.3 Water conservation</u> We implement checks and measures to reduce water wastage in our business operations, which in turn help us to work towards achieving sustainable management and efficient use of natural resources.

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SDG

Our effort



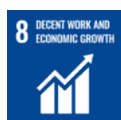
Ensure access to affordable, reliable, sustainable, and modern energy for all

[Section 8.4 Energy efficient products](#)

We continuously strive to offer energy efficient products that comply with market-recognised international standards, improve energy efficiency rate of our products which contribute to sustainable development.

[Section 8.5 Energy conservation and emissions reduction](#)

We implement measures to reduce our energy consumption as not only does it help to improve energy efficiency and reduce GHG emissions, but it also helps us to reduce costs incurred to support our business operations.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

[Section 8.1 Total customer satisfaction](#)

We emphasise maintaining the quality of our products as well as providing a comprehensive range of products to meet our customers' needs. Customer satisfaction is vital to the success of our business, which in turn helps to contribute to economic growth and the creation of employment opportunities.

[Section 8.2 Sustainable business performance](#)

We contribute to economic growth through creating long-term economic value for our shareholders.



Reduce inequality within and among countries

[Section 8.8 Equality and diversity in the workplace](#)

We build a working environment in which employees can enjoy equal opportunities regardless of age, and gender.



Ensure sustainable consumption and production patterns

[8.6 Responsible waste management](#)

We are committed to minimise wastage in our operations and minimise potential impact of our operations on the environment.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institution at all levels

[Section 8.10 Robust corporate governance framework](#)

We maintain a high standard of corporate governance to safeguard our shareholders' interests which aim to maximise long-term economic value for our shareholders. We also adopt a zero-tolerance approach on corruption through various practices that ensure transparency and integrity of our business.

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10. SUPPORTING THE TCFD

We are committed to support the recommendations by the TCFD and has disclosed some of our climate-related financial disclosures in the following key areas as recommended by the TCFD:

Key area	Our approach
Governance	<p>The Board oversees the management and monitoring of the Sustainability Factors and consider climate-related issues in determining the Group's strategic direction and policies.</p> <p>Our sustainability strategy is developed and directed by the Group's SC in consultation with the Board. The Group's SC includes representatives from key Group functions. The Group's senior management advises the SC in reviewing our sustainability progress. The responsibilities of the Sustainability Committee include considering climate-related issues in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.</p>
Strategy	<p>The climate-related risks and opportunities identified by the Group during a climate-related risk assessment exercise includes the following:</p> <ul style="list-style-type: none"> The financial performance risks due to adverse economic, climatic and market conditions resulting in general price increases with suppliers passing on cost increases such as carbon taxes (regulatory costs) to the Group as well as other supply chain issues. <p>On the other hand, the escalating costs necessitate the Group to review and assess its distribution processes across its value chain to reduce operating costs.</p> <p>We are currently looking into conducting climate-related scenario analysis consistent with the TCFD's recommendation, wherever possible, using commonly agreed sector/ subsector scenarios and time horizons, to anticipate and manage climate change impacts.</p>
Risk management	<p>The Group's climate related risks and opportunities are identified and assessed during the climate-related risk assessment exercise. We also manage our climate-related risks by monitoring the trend of climate-related performance indicators.</p>
Metrics and targets	<p>We track, measure and report on our environmental performance, including energy, GHG emissions¹¹, water and waste management and disclose related metrics in our sustainability report. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enabling us to be more targeted in our efforts.</p> <p>To support the climate change agenda, we disclose our Scope 2 GHG emissions¹¹ in the Report and set climate-related targets such as those related to energy, GHG emissions, water and waste management. We will continue to monitor our emissions and disclose Scope 1 and Scope 3 GHG emissions wherever applicable and practicable.</p>

11 Scope 1 GHG emissions is not disclosed as it is not material.

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APPENDIX 1 SUSTAINABILITY TRENDS

S/N	Performance indicator	Sustainability performance		
		FY2022	FY2021	FY2020
Total customer satisfaction				
1	Product defect rate	0.2%	2.3%	0.6%
Sustainable business performance				
2	Revenue	\$61.7 million	\$48.1 million	\$44.9 million
3	Profit for the financial year	\$2.0 million	\$2.7 million	\$2.2 million
4	Dividend per share	2.0 cents	2.0 cents	–
Water conservation				
5	Water consumption (Cu M)	1,463	1,680	– ¹¹
6	Water consumption intensity (Cu M/ number of employees)	20.61	25.85	– ¹¹
Energy-efficient products				
7	Percentage of products that attained efficiency level under relevant international standards	100%	100%	100%
Energy conservation				
8	Electricity consumption (kWh)	563,608	501,287	– ¹¹
9	Electricity consumption intensity (kWh/ square foot of operating space utilised '000 sqft)	3,326.5	2,958.6	– ¹¹
10	Indirect GHG emissions (Scope 2) (tonnes CO ₂ e)	113.5	107.6	– ¹¹
11	GHG emissions intensity (tonnes CO ₂ e/ square foot of operating space utilised '000 sqft)	0.7	0.6	– ¹¹
Occupational health and safety				
12	Number of workplace fatalities	–	–	–
13	Number of high-consequence work-related injuries	–	–	–
14	Number of recordable work-related injuries	–	–	–
15	Number of recordable work-related ill-health cases	–	–	–
Equality and diversity in the workplace				
16	Ratio of female over total full-time employees	37%	32%	23%
17	Ratio of female over total managers	37%	40%	– ¹¹
18	Ratio of employees who are at least 50 years old over total employees	52%	41%	– ¹¹
19	Number of reported incidents of unlawful discrimination against employees	–	–	– ¹¹
Employee development and retention				
20	Average annual training hours per full-time employee	3.3 hours	0.5 hours	– ¹¹
21	Percentage of full-time employees who have received regular performance and career development reviews	100%	100%	100%
22	Turnover rate	17%	20%	23%
Robust corporate governance framework				
23	Number of incidents of serious offence	-	-	-
24	SGTI score	75 points	69 points	72 points

11 No comparative data is provided for prior year as this is a newly disclosed performance indicator.

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APPENDIX 2 GRI CONTENT INDEX

Statement of use	Brook Crompton Holdings Ltd has reported the information cited in the GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organisational details	001, 012, 034-037, 068, 118-119
	2-2 Entities included in the organisation's sustainability reporting	037
	2-3 Reporting period, frequency and contact point	037
	2-4 Restatements of information	044-045
	2-5 External assurance	036
	2-6 Activities, value chain and other business relationships	010-011, 036
	2-7 Employees	036, 045-046
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	008, 013-017, 038
	2-10 Nomination and selection of the highest governance body	020-022
	2-11 Chair of the highest governance body	008, 017-020
	2-12 Role of the highest governance body in overseeing the management of impacts	038
	2-13 Delegation of responsibility for managing impacts	013-017, 038
	2-14 Role of the highest governance body in sustainability reporting	038
	2-15 Conflicts of interest	013-017
	2-16 Communication of critical concerns	027-029, 048-049
	2-17 Collective knowledge of the highest governance body	013-017, 047
	2-18 Evaluation of the performance of the highest governance body	023
	2-19 Remuneration policies	023-026
	2-20 Process to determine remuneration	023-026
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	004-007, 034-035
	2-23 Policy commitments	048-051
	2-24 Embedding policy commitments	048-049
	2-25 Processes to remediate negative impacts	027-029, 048-049
	2-26 Mechanisms for seeking advice and raising concerns	027-029, 048-049
	2-27 Compliance with laws and regulations	045-046, 048-049
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	037-038
	2-30 Collective bargaining agreements	As at 31 December 2022, 100% of our bargainable employees in Italy are covered by collective bargaining agreements.

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GRI standard	Disclosure	Location
GRI 3: Material Topics 2021	3-1 Process to determine material topics	038-039
	3-2 List of material topics	040
	3-3 Management of material topics	041-049
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	042
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	048-049
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	044
	302-3 Energy intensity	044
GRI 303: Water and Effluents 2018	303-5 Water consumption	043
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	044
	305-4 GHG emissions intensity	044
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	045
	403-10 Work-related ill health	045
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	047
	404-3 Percentage of employees receiving regular performance and career development reviews	047
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	045-046
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	045-046

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- 067** Consolidated Statement of Cash Flows
- 068** Notes to the Financial Statements

Statement by Directors

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2022.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. DIRECTORS

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

Pang Xinyuan
Dr Knut Unger
Chao Mun Leong

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act 1967 ("the Act") except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of Director		Shareholdings in which Director is deemed to have an interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
<u>The company</u>	<u>Number of shares of no par value</u>			
<u>Brook Crompton Holdings Ltd.</u>				
Dr Knut Unger	10,000	10,000	–	–
Pang Xinyuan	–	–	23,439,519	23,439,519
<u>Ultimate holding company</u>	<u>Capital contribution amount in Chinese renminbi</u>			
<u>Wolong Holding Group Co., Ltd.</u>				
Pang Xinyuan	–	–	312,916,704*	312,916,704*

* The capital contribution represents 38.73% of the total paid capital contribution in the capital of Wolong Holding Group Co., Ltd.

Statement by Directors

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

By virtue of section 7 of the Act, Pang Xinyuan is deemed to have an interest in all related corporations of the company. In accordance with the continuing listing requirement of the Singapore Exchange Securities Trading Limited, the directors of the company state that, according to the Register of Directors' Shareholding, the directors' interests as at 21 January 2023 in the shares of the company have not changed from those disclosed as at 31 December 2022.

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

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. OPTIONS

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. REPORT OF AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Chao Mun Leong (Chairman)	Chairman and Independent Director
Dr Knut Unger	Member/Lead Independent Director
Pang Xinyuan	Member/Non-Independent, Non-Executive Director

The audit committee performed the functions specified by section 201B (5) of the Act. Among other functions, it reviewed the following, where relevant, with management, the external auditors and the internal auditors:

- The audit plan of the independent external auditor.
- The independent external auditor's evaluation of the company's internal accounting controls relevant to the statutory audit, the audit report on the financial statements and the assistance given by management to the auditor.
- The scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor. Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption.
- The financial statements of the group and the company prior to their submission to the directors of the company for adoption.
- The interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Statement by Directors

6. REPORT OF AUDIT COMMITTEE (CONT'D)

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the company.

7. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, with the concurrence of the audit committee, is of the opinion that the company's internal controls (including financial, operational, compliance and information technology controls), and risk management systems were adequate and effective as at 31 December 2022 to address the risks that the company considers relevant and material to its operations.

8. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 23 February 2023, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

9. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

On behalf of the directors

.....
Pang Xinyuan
Director

.....
Chao Mun Leong
Director

6 April 2023

Independent' Auditor's Report

to the Members of BROOK CROMPTON HOLDINGS LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Brook Crompton Holdings Ltd. (the “company”) and its subsidiaries (the “group”), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and the 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 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting 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 company 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 reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of expected credit loss allowance on trade receivables

Refer to Note 2 for the relevant accounting policy and Notes 21 and 29D for the breakdown of trade receivables and credit risk of the group respectively.

The carrying amount of trade receivables amounted to \$14,234,000 which accounted for approximately 24% of the group’s total assets as at the reporting year end.

Determining the amount of allowance requires management’s judgement on overdue debts and the amount of collection default based on past collection trends and forward looking estimates.

The gross amount of trade receivables past due over 3 months amounted to \$789,000. An allowance of \$330,000 was made leaving a net amount of \$459,000 that was not provided for as management is of the view that these amounts are recoverable, based on their knowledge of the customers’ payment history and credit worthiness.

Independent' Auditor's Report

to the Members of BROOK CROMPTON HOLDINGS LTD.

Key audit matters (cont'd)

Assessment of expected credit loss allowance on trade receivables (cont'd)

We have evaluated management's judgement on the recoverability of these amounts via our review of the customers' credit worthiness, payment history and management's assessment of expected credit losses. We have also reviewed management's process over the recoverability of outstanding trade receivables, which included the review of payments made by the customers subsequent to the reporting year end and the review of correspondence with customers to assess the potential recoverability of significant balances not provided for.

We found management's approach to be balanced and the estimates to be reasonable.

We have also assessed the adequacy of the disclosures made in the financial statements.

Assessment of allowance on inventories

Refer to Note 2 for the relevant accounting policy and Note 20 for the breakdown of inventories at the reporting year end.

The carrying amount of inventories amounted to \$26,285,000 which accounted for approximately 43% of the group's total assets as at the reporting year end.

The group's inventory provision policy takes into consideration the inventory ageing profiles, as well as the inventories' sales patterns for the year. Management is of the view that the inventories se amounts are realisable, based on their knowledge of the group's operations, the industry and their technical assessment of the inventories.

Determination of the method to use, period to consider, and percentages to apply to aged inventory requires significant management's judgement.

We have evaluated the group's policy for inventory obsolescence and reviewed management's judgement on their technical assessment of the inventories via our understanding of the business environment and our review of the inventories' sales patterns.

We have also reviewed the group's inventory ageing as at the reporting year end, as well as the group's computation for inventory obsolescence and found them to be reasonable. We have compared the carrying values of the inventories to the recent sales invoices and price lists.

We have also assessed the adequacy of the disclosures made in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the statement by directors 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.

Independent' Auditor's Report

to the Members of BROOK CROMPTON HOLDINGS LTD.

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 the financial reporting standards, 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities 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.

Independent' Auditor's Report

to the Members of BROOK CROMPTON HOLDINGS LTD.

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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 corporation 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 Eu Chee Wei David.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

6 April 2023

Engagement partner - effective from year ended 31 December 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2022

	Notes	Group	
		2022 \$'000	2021 \$'000
Revenue	5	61,745	48,087
Cost of sales		(43,986)	(33,017)
Gross profit		17,759	15,070
Other income and gains	6	1,053	875
Distribution and marketing costs	7	(8,338)	(5,933)
Administrative expenses	8	(5,624)	(4,816)
Other losses	6	(877)	(387)
Finance costs	9	(68)	(80)
Other expenses	10	(1,104)	(1,002)
Profit before tax		2,801	3,727
Income tax expense	12	(824)	(1,066)
Profit for the financial year, representing profit attributable to owners of the parent		1,977	2,661
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit pension plans, net of tax		358	932
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(2,157)	(568)
Other comprehensive (loss) income for the year, net of tax		(1,799)	364
Total comprehensive income for the financial year, representing total comprehensive income attributable to owners of the parent		178	3,025
Earnings per share			
Basic and diluted earnings per share (cents)	13	5.6	7.5

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

Statement of Financial Position

As at 31 December 2022

		Group		Company	
	Notes	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	15	4,712	4,795	53	133
Subsidiaries	16	–	–	19,137	19,137
Intangible assets	17	43	12	6	12
Other receivables	18	–	–	–	–
Finance lease receivables	19	–	40	–	–
Total non-current assets		4,755	4,847	19,196	19,282
<u>Current assets</u>					
Inventories	20	26,285	16,867	–	–
Trade and other receivables	21	15,660	13,614	7,720	5,895
Prepayments		431	377	12	8
Finance lease receivables	19	–	76	–	–
Cash and cash equivalents	22	13,312	21,233	2,950	2,888
Total current assets		55,688	52,167	10,682	8,791
Total assets		60,443	57,014	29,878	28,073
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	23	149,642	149,642	149,642	149,642
Accumulated losses		(125,295)	(126,921)	(138,817)	(140,591)
Other reserves	24	14,569	16,726	18,650	18,650
Total equity		38,916	39,447	29,475	27,701
<u>Non-current liabilities</u>					
Retirement benefits	25	5	347	–	–
Financial liabilities - lease liabilities	26	2,314	2,395	–	52
Total non-current liabilities		2,319	2,742	–	52
<u>Current liabilities</u>					
Provision for warranty		10	64	–	–
Income tax payable		865	945	–	3
Trade and other payables	27	17,765	13,092	351	232
Financial liabilities - lease liabilities	26	568	724	52	85
Total current liabilities		19,208	14,825	403	320
Total liabilities		21,527	17,567	403	372
Total equity and liabilities		60,443	57,014	29,878	28,073

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

Statements of Changes in Equity

Year Ended 31 December 2022

Group	Share capital \$'000	Accumulated losses \$'000	Translation reserve \$'000	Capital reserves \$'000	Total equity \$'000
Current year:					
Opening balance at 1 January 2022	149,642	(126,921)	(1,924)	18,650	39,447
Changes in equity:					
Profit for the financial year	–	1,977	–	–	1,977
Dividend paid (Note 14)	–	(709)	–	–	(709)
Other comprehensive income for the financial year					
Re-measurements of defined benefit pension plans, net of tax	–	358	–	–	358
Exchange differences on translation of foreign operations	–	–	(2,157)	–	(2,157)
Total comprehensive loss for the year	–	358	(2,157)	–	(1,799)
Closing balance at 31 December 2022	149,642	(125,295)	(4,081)	18,650	38,916
Previous year:					
Opening balance at 1 January 2021	149,642	(130,514)	(1,356)	18,650	36,422
Changes in equity:					
Profit for the financial year	–	2,661	–	–	2,661
Other comprehensive income for the financial year					
Re-measurements of defined benefit pension plans, net of tax	–	932	–	–	932
Exchange differences on translation of foreign operations	–	–	(568)	–	(568)
Total comprehensive income for the year	–	932	(568)	–	364
Closing balance at 31 December 2021	149,642	(126,921)	(1,924)	18,650	39,447

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

Statements of Changes in Equity

Year Ended 31 December 2022

Company	Share capital \$'000	Accumulated losses \$'000	Other reserves \$'000	Total equity \$'000
Current year:				
Opening balance at 1 January 2022	149,642	(140,591)	18,650	27,701
Changes in equity:				
Total comprehensive income for the year	–	2,483	–	2,483
Dividend paid (Note 14)	–	(709)	–	(709)
Closing balance at 31 December 2022	149,642	(138,817)	18,650	29,475
Previous year:				
Opening balance at 1 January 2021	149,642	(136,785)	18,650	31,507
Changes in equity:				
Total comprehensive loss for the year	–	(3,806)	–	(3,806)
Closing balance at 31 December 2021	149,642	(140,591)	18,650	27,701

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2022

	Group	
	2022 \$'000	2021 \$'000
Cash flows (used in) from operating activities		
Profit before tax	2,801	3,727
Adjustment for:		
Depreciation and amortisation	951	829
Interest expense	68	80
Interest income	(74)	(8)
Gain on disposal of property, plant and equipment	(7)	-
Inventories written-off	73	-
Impairment of provisional goodwill	227	-
Allowance for impairment on inventories	473	387
Reversal of impairment on trade receivables	(144)	(67)
Retirement benefit plan expense	306	399
Unrealised foreign exchange loss	700	388
Operating cash flows before changes in working capital	5,374	5,735
Inventories	(10,312)	(1,078)
Trade and other receivables	(4,249)	(1,945)
Prepayments	(95)	(175)
Trade and other payables	4,021	1,368
Provision for warranty	(53)	(34)
Retirement benefit contribution paid	(221)	(229)
Proceeds from finance lease receivables	116	70
Interest income as lessor of finance leases	4	7
Net cash flows (used in) from operations	(5,415)	3,719
Income taxes paid	(855)	(738)
Net cash flows (used in) from operating activities	(6,270)	2,981
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(292)	(83)
Acquisition of intangible assets	(53)	-
Acquisition of business	(1,013)	-
Proceeds from disposal of property, plant and equipment	8	-
Interest received	70	1
Net cash flows used in investing activities	(1,280)	(82)
Cash flows used in financing activities		
Repayment of obligations under leases	(831)	(732)
Interest paid	(68)	(80)
Dividends paid	(709)	-
Net cash flows used in financing activities	(1,608)	(812)
Net (decrease) increase in cash and cash equivalents	(9,158)	2,087
Cash and cash equivalents, statement of cash flows, beginning balance	21,233	19,279
Effects of exchange rate changes on cash and cash equivalents	1,237	(133)
Cash and cash equivalents, statement of cash flows, ending balance (Note 22)	13,312	21,233

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

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

1. GENERAL

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as “parent”) and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activities of the company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

The company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST”).

The registered office is: 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058. The company is situated in Singapore.

Uncertainties relating to the current economic conditions

Management has considered the current economic conditions caused by the Covid-19 pandemic, commodities inflation, as well as the war in Ukraine at the end of the reporting year and reviewed the probable impact and plausible downside scenarios. No material uncertainties were identified in connection with the reporting entity’s ability to continue in operational existence for the near future.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS (I) s”) and the related Interpretations to SFRS (I) (“SFRS (I) INT”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

1. GENERAL (CONT'D)

Basis of presentation and principles of consolidated

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee. They are de-consolidated from the date that control ceases.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Distribution - The group's distribution business is involved in selling electric motors to wholesalers and retailers. Revenue from the sales of these products is recognised at point in time when the products are delivered to customers. For overseas sales, performance obligations are satisfied when the controls of products is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered). There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the group's revenue transactions as customers are required to pay within a credit term of 30 to 120 days.

Administrative fee income and management fee income - Administrative fee income and management fee income is recognised over time when the services are performed.

License income - License income is recognised based on a pre-determined percentage on sales of Brook Crompton product sold by a related party and recognised as "other income".

Other income

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Certain subsidiaries overseas have arrangements for defined benefit plans. Under the defined benefit plan contributions are set at a level that is expected to be sufficient to pay the benefits falling due in the same period; and future benefits earned during the current period will be paid out of future contributions and the employees' benefits are determined by the length of their service. Such a plan creates actuarial risk for the entity: if the ultimate cost of benefits already earned at the end of the reporting period is more than expected, the entity will have either to increase its contributions or to persuade employees to accept a reduction in benefits.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively.

All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity 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. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

Business combinations are initially accounted for on a provisional basis until they are finalised within one year from the acquisition date. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by management by taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Income tax (cont'd)

Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The useful lives of the assets are as follows:

Freehold land	–	Not depreciated
Building on freehold land	–	50 years
Renovation	–	Lower of useful life or lease term (not more than 50 years)
Plant, machinery and office equipment	–	4 to 12 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment. The useful lives of the assets are as follows:

Leased operating facilities	–	3 to 10 years
Plant, machinery and office equipment	–	2 to 6 years

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded (or included in property, plant and equipment). Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

For a lessor each of lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Computer software licences	–	5 years
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Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment classified as measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at FVTPL: There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements. The recurring measurements are made at each reporting year end date.

2B. Other explanatory information

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Provisions

A liability or provision is recognised when there is 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 a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of expected credit loss allowance on trade receivables:

The assessment of the expected credit losses (ECL) requires a degree of estimation and judgement. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions (including the impact of the Covid-19 pandemic). The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

Assessment of allowance on inventories:

The assessment of the allowance for impairment loss on inventories requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note on inventories.

Measurement of impairment of subsidiaries:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the subsidiaries at the end of the reporting year affected by the assumption is \$3,018,000.

Income tax amounts:

The group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Chen Jiancheng.

3A. Members of a group:

Name	Relationship	Country of incorporation
ATB Austria Antriebstechnik AG	Immediate holding company	Austria
Wolong Holding Group Co., Ltd.	Ultimate holding company	People's Republic of China

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	2022 \$'000	2021 \$'000
<u>Immediate holding company</u>		
Recharge of expenses	(47)	(9)
<u>Related parties</u>		
Sale of motors	532	103
Administrative fee income	111	162
Commission income	5	–
License income	466	429
Management fee income	28	–
Purchase of inventories	(34,065)	(24,819)

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3C. Key management compensation:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Salaries and other short-term employee benefits	992	623	403	352
Post-employment benefits	121	48	16	15
	1,113	671	419	367

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts do not include compensation if any of certain key management personnel and directors of the company who received compensation from related corporations in their capacity as directors and or executives of those related corporations.

3D. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

Group	Related parties	
	2022 \$'000	2021 \$'000
<u>Other receivables/(other payables):</u>		
At beginning of the year - net debit / (credit)	2,011	860
Amounts paid out and settlement of liabilities on behalf of related parties	-	1,151
Amounts paid in and settlement of liabilities on behalf of the group	(1,263)	-
At end of the year - net debit	748	2,011
<u>Presented in the statement of financial position as follows:</u>		
Other receivables (Note 21)	950	2,154
Other payables (Note 27)	(202)	(143)
At end of the year – net debit	748	2,011

Company	Subsidiaries	
	2022 \$'000	2021 \$'000
<u>Other receivables/(other payables):</u>		
At beginning of the year - net debit	5,587	4,628
Amounts paid out and settlement of liabilities on behalf of subsidiaries	-	959
Amounts paid in and settlement of liabilities on behalf of the company	(496)	-
Dividends receivable	2,459	-
At end of the year – net debit (Note 21)	7,550	5,587

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3D. Other receivables from and other payables to related parties (cont'd):

Company	Related parties	
	2022 \$'000	2021 \$'000
<u>Other receivables/(other payables):</u>		
At beginning of the year - net debit	236	188
Amounts paid out and settlement of liabilities on behalf of related parties	–	48
Amounts paid in and settlement of liabilities on behalf of the company	(221)	–
At end of the year – net debit	15	236
<u>Presented in the statement of financial position as follows:</u>		
Other receivables (Note 21)	136	274
Other payables (Note 27)	(121)	(38)
At end of the year – net debit	15	236

Group and Company	Immediate holding company	
	2022 \$'000	2021 \$'000
<u>Other payables:</u>		
At beginning of the year – net credit	(12)	(6)
Amounts paid in and settlement of liabilities on behalf of the company	(7)	(6)
At end of the year – net credit (Note 27)	(19)	(12)

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

Management has determined the operating segments based on the reports reviewed by the the group's CEO, being the chief operating decision-maker.

The group's primary business is in the distribution of electric motors. Management manages and monitors the business from a geographical segment perspective. The following are the three main geographical segments for the group:

- Asia Pacific
- United Kingdom and Continental Europe
- North America

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

Sales are based on the region in which the entity is located. Total assets and capital expenditure are shown by the geographical area where the assets are located. The sales for Singapore totalled \$5,248,000 (2021: \$2,878,000).

Information regarding the results of each reportable segment is included below. Performance is measured based on the geographical segment's profit before income tax, as included in the internal management reports that are reviewed by the group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	United Kingdom and Continental Europe \$'000	North America \$'000	Asia Pacific \$'000	Corporate \$'000	Total \$'000
Group					
2022					
Total segment sales	32,051	27,253	5,248	–	64,552
Elimination of intersegment sales	(53)	(2,754)	–	–	(2,807)
Sales to external parties	31,998	24,499	5,248	–	61,745
Segment results	2,457	3,109	(295)	(1,219)	4,148
Interest income	52	6	–	16	74
Interest expense	(44)	(10)	(9)	(5)	(68)
Depreciation and amortisation	(531)	(173)	(151)	–	(951)
Reversal of impairment on trade receivables	152	–	(8)	–	144
Allowance for impairment on inventories	149	(622)	–	–	(473)
Inventories written off	(5)	(67)	(1)	–	(73)
Profit (loss) before income tax	2,230	2,243	(464)	(1,208)	2,801
Segment assets	30,464	20,563	6,203	3,213	60,443
Included in the segment asset:					
Addition of property, plant and equipment	774	135	349	–	1,258
Segment liabilities	10,978	7,210	3,055	284	21,527

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

	United Kingdom and Continental Europe \$'000	North America \$'000	Asia Pacific \$'000	Corporate \$'000	Total \$'000
Group					
2021					
Total segment sales	25,563	22,182	2,878	–	50,623
Elimination of intersegment sales	(11)	(2,525)	–	–	(2,536)
Sales to external parties	25,552	19,657	2,878	–	48,087
Segment results	2,971	2,706	(109)	(620)	4,948
Interest income	1	7	–	–	8
Interest expense	(52)	(18)	–	(10)	(80)
Depreciation and amortisation	(499)	(233)	(4)	(93)	(829)
Reversal of impairment on trade receivables	67	–	–	–	67
Allowance for impairment on inventories	(75)	(312)	–	–	(387)
Profit (loss) before income tax	2,413	2,150	(113)	(723)	3,727
Segment assets	29,972	12,262	2,595	12,185	57,014
Included in the segment asset:					
Addition of property, plant and equipment	83	55	–	–	138
Segment liabilities	9,476	7,158	562	371	17,567

5. REVENUE

Revenue from contracts with customers

	Group	
	2022 \$'000	2021 \$'000
Sale of electric motors	61,745	48,087

All the contracts are less than 12 months and revenue are recognised based on point in time. The customers are mainly wholesalers, retailers, end users and original equipment manufacturers.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

6. OTHER INCOME AND GAINS AND (OTHER LOSSES)

	Group	
	2022 \$'000	2021 \$'000
Administrative fee income (Note 3)	209	162
License income (Note 3)	466	429
Gain on disposal of property, plant and equipment	7	–
Rental income	44	48
Miscellaneous income	109	114
Reversal of impairment on trade receivables	144	67
Interest income from fixed deposits	70	1
Interest income as lessor of finance leases	4	7
Inventories written-off	(73)	–
Allowance for impairment on inventories	(473)	(387)
Foreign exchange transaction translations (losses) gains, net	(104)	47
Impairment of provisional goodwill (Note 28)	(227)	–
	176	488
Presented in profit or loss as:		
Other income and gains	1,053	875
Other losses	(877)	(387)
Net	176	488

7. DISTRIBUTION AND MARKETING COSTS

Major components include the following:

	Group	
	2022 \$'000	2021 \$'000
Employee benefits expenses (Note 11)	5,075	4,050
Sales commissions	1,326	817
Transportation and delivery charges	887	628
Travelling expenses	340	45

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

8. ADMINISTRATIVE EXPENSES

Major components include the following:

	Group	
	2022 \$'000	2021 \$'000
Employee benefits expenses (Note 11)	2,717	2,231
Audit fees to the independent auditor of the company	115	110
Audit fees to the other independent auditors – network firms	72	72
Audit fees to the other independent auditors – non-network firms	73	55
Audit-related services (ARS) fees to the independent auditor of the company	6	–
Non-ARS fees to the independent auditors – network firms	10	5
Non-ARS fees to the independent auditors – non-network firms	8	5
Consultancy fees	497	254
Insurance expenses	282	294

9. FINANCE COSTS

	Group	
	2022 \$'000	2021 \$'000
Interest on lease liabilities	68	80

10. OTHER EXPENSES

Major components include the following:

	Group	
	2022 \$'000	2021 \$'000
Depreciation and amortisation	951	829

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

11. EMPLOYEE BENEFITS EXPENSES

	Group	
	2022 \$'000	2021 \$'000
Short term employee benefits expense	5,987	5,014
Contributions to defined contribution plans	1,155	868
Defined benefits obligation costs	306	399
Termination benefits	344	–
Total employee benefits expense	7,792	6,281

Employee benefit expenses are charged as follows:

	Group	
	2022 \$'000	2021 \$'000
Distribution and marketing costs (Note 7)	5,075	4,050
Administrative expenses (Note 8)	2,717	2,231
	7,792	6,281

12. INCOME TAX

12A. Components of tax expense recognised in profit or loss include:

	Group	
	2022 \$'000	2021 \$'000
Current tax expense		
Singapore	11	12
Foreign	923	972
	934	984
Deferred tax expense	(110)	82
	824	1,066

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

12. INCOME TAX (CONT'D)

12A. Components of tax expense recognised in profit or loss include(cont'd):

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2021: 17.0%) to profit before income tax as a result of the following differences:

	Group	
	2022 \$'000	2021 \$'000
Profit before tax	2,801	3,727
Tax calculated at applicable tax rate of 17%	476	634
Effects of different tax rates in other countries	123	161
Tax effect of income not subject to tax	(28)	(45)
Tax effect of expenses not deductible for tax purposes	254	128
Tax incentive and rebates	–	(24)
Unrecognised deferred tax assets	(1)	212
	824	1,066

There are no income tax consequences of dividends to owners of the company.

12B. Deferred tax (income) expense recognised in profit or loss includes:

	Group	
	2022 \$'000	2021 \$'000
Excess of net book value of plant and equipment over tax values	48	(7)
Tax loss carryforwards	(126)	(83)
Provisions	(12)	13
Retirement benefits liabilities	(19)	(53)
Unrecognised deferred tax assets	(1)	212
Total deferred tax (income) expense recognised in profit or loss	(110)	82

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

12. INCOME TAX (CONT'D)

12C. Tax expense recognised in other comprehensive income includes:

	Group	
	2022 \$'000	2021 \$'000
Retirement benefits liabilities	110	336
Total income tax expense recognised in other comprehensive income	110	336

12D. Deferred tax balance in the statement of financial position:

	Group	
	2022 \$'000	2021 \$'000
Excess of net book value of plant and equipment over tax values	(21)	27
Tax loss carryforwards	541	415
Provisions	90	78
Retirement benefits liabilities	1	92
Unrecognised deferred tax assets	(611)	(612)
Net balance	–	–

The above deferred tax assets for the tax losses have not been recognised as the future profit streams are not probable against which the deductible temporary difference can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for future periods subject to the conditions imposed by law including the retention of majority shareholders as defined.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

13. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share of no par value:

	2022 \$'000	2021 \$'000
<u>Numerators:</u>		
Profit, net of tax attributable to owners of the parent	1,977	2,661
	No. of shares	No. of shares
<u>Denominators: Weighted average number of equity shares</u>		
Basic and diluted ('000)	35,459	35,459

The weighted average number of equity shares refers to shares in circulation during the reporting year.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. There is no difference between the basic and diluted weighted average number of shares.

14. DIVIDENDS ON EQUITY SHARES

	Dividend per share		Group and Company	
	2022 Singapore cents	2021 Singapore cents	2022 \$'000	2021 \$'000
Final tax exempt (1-tier) dividends	2	–	709	–

The directors have proposed that a final dividend of 2.00 Singapore cents per share with a total of \$709,000 to be paid to shareholders after the annual general meeting to be held subsequent to year-end. There are no income tax consequences on the group and company. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

15. PROPERTY, PLANT AND EQUIPMENT

Group	Right-of-use assets \$'000	Freehold land \$'000	Building on freehold land \$'000	Renovation \$'000	Plant, machinery and office equipment \$'000	Total \$'000
<u>Cost</u>						
At 1 January 2021	4,753	934	1,544	186	7,944	15,361
Additions	55	–	16	–	67	138
Effects of movements in exchange rates	38	1	56	–	50	145
At 31 December 2021	4,846	935	1,616	186	8,061	15,644
Additions	902	–	49	–	243	1,194
Arising from acquisition of business	–	–	–	–	64	64
Disposals	–	–	–	–	(184)	(184)
Effects of movements in exchange rates	(500)	–	(381)	–	17	(864)
At 31 December 2022	5,248	935	1,284	186	8,201	15,854
<u>Accumulated depreciation</u>						
At 1 January 2021	1,260	–	939	186	7,551	9,936
Depreciation for the year	664	–	44	–	114	822
Effects of movements in exchange rates	9	–	23	–	59	91
At 31 December 2021	1,933	–	1,006	186	7,724	10,849
Depreciation for the year	711	–	44	–	174	929
Disposals	–	–	–	–	(183)	(183)
Effects of movements in exchange rates	(199)	–	(253)	–	(1)	(453)
At 31 December 2022	2,445	–	797	186	7,714	11,142
<u>Net book value</u>						
At 1 January 2021	3,493	934	605	–	393	5,425
At 31 December 2021	2,913	935	610	–	337	4,795
At 31 December 2022	2,803	935	488	–	487	4,712

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

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

Company	Right-of-use assets – Leased Plant, machinery and office equipment		
	operating facilities \$'000	equipment \$'000	Total \$'000
<u>Cost</u>			
At 1 January 2021 and 31 December 2021	367	216	583
Additions	–	4	4
At 31 December 2022	367	220	587
<u>Accumulated depreciation</u>			
At 1 January 2021	160	205	365
Depreciation for the year	80	5	85
At 31 December 2021	240	210	450
Depreciation for the year	80	4	84
At 31 December 2022	320	214	534
<u>Net book value</u>			
At 1 January 2021	207	11	218
At 31 December 2021	127	6	133
At 31 December 2022	47	6	53

The depreciation expense is charged to other expenses.

Right-of-use assets

Right-of-use assets of the group are as follows:

Group	Leased Plant, machinery and office equipment		
	operating facilities \$'000	equipment \$'000	Total \$'000
<u>Cost</u>			
At 1 January 2021	4,307	446	4,753
Additions	–	55	55
Exchange differences	28	10	38
At 31 December 2021	4,335	511	4,846
Additions	767	135	902
Exchange differences	(581)	81	(500)
At 31 December 2022	4,521	727	5,248
<u>Accumulated depreciation</u>			
At 1 January 2021	1,086	174	1,260
Depreciation for the year	344	320	664
Exchange differences	6	3	9
At 31 December 2021	1,436	497	1,933
Depreciation for the year	553	158	711
Exchange differences	(99)	(100)	(199)
At 31 December 2022	1,890	555	2,445

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

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

Right-of-use assets (cont'd)

Group	Leased operating facilities \$'000	Plant, machinery and office equipment \$'000	Total \$'000
<u>Net book value</u>			
At 1 January 2021	3,221	272	3,493
At 31 December 2021	2,899	14	2,913
At 31 December 2022	2,631	172	2,803

Right-of-use assets of the group and the company relate mainly to leased operating facilities. The group leases office space and warehouses for the purpose of back office operations and storing of electric motors for sale.

16. SUBSIDIARIES

	Company	
	2022 \$'000	2021 \$'000
Unquoted equity shares, at cost	67,284	67,284
Impairment losses	(48,147)	(48,147)
	19,137	19,137
	Company	
	2022 \$'000	2021 \$'000
Movements in allowance for impairment:		
Balance at beginning of the year	48,147	44,080
Impairment loss charge to profit or loss	–	4,067
Balance at end of the year	48,147	48,147

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

16. SUBSIDIARIES (CONT'D)

The wholly owned subsidiaries are listed below:

Name of subsidiaries	Principal activities	Principal and incorporation place of business	Unquoted equity shares, at cost	
			2022	2021
			\$'000	\$'000
<i>Held by the company</i>				
Brook Crompton UK Limited ⁽¹⁾	Distribution of electric motors	United Kingdom	9,748	9,748
Brook Crompton Limited ⁽²⁾	Distribution of electric motors	Canada	7,084	7,084
Brook Crompton USA, Inc ⁽²⁾	Distribution of electric motors	United States of America	6,372	6,372
Brook Crompton Asia Pacific Pte. Ltd. ⁽³⁾	Distribution of electric motors	Singapore	44,080	44,080
<i>Held through Brook Crompton Asia Pacific Pte. Ltd.</i>				
Brook Crompton Australia Pty Ltd. ⁽⁴⁾	Distribution of electric motors	Australia	*	*
			67,284	67,284

- (1) Other independent auditors. Audited by Azets Audit Services Limited, firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
- (2) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
- (3) Audited by RSM Chio Lim LLP.
- (4) Incorporated in 2021. Not audited as relieved from the requirement to prepare and lodge an audited financial report with the local authorities. The subsidiary is not material to the group.
- * Amount is less than \$1,000.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the Audit Committee and the board of directors of the company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

17. INTANGIBLE ASSETS

	Goodwill \$'000	Computer software licenses \$'000
Group		
<u>Cost</u>		
At 1 January 2021 and 31 December 2021	–	26
Arising from acquisition of business (Note 28)	227	–
Additions	–	53
At 31 December 2022	227	79
<u>Accumulated amortisation</u>		
At 1 January 2021	–	7
Amortisation for the year	–	7
At 31 December 2021	–	14
Amortisation for the year	–	22
At 31 December 2022	–	36
<u>Accumulated impairment loss</u>		
At 1 January 2021 and 31 December 2021	–	–
Impairment loss recognised in the year included in other losses (Note 6)	–	–
At 31 December 2022	227	–
<u>Net book value</u>		
At 1 January 2021	–	19
At 31 December 2021	–	12
At 31 December 2022	–	43
		Computer software licenses \$'000
Company		
<u>Cost</u>		
At 1 January 2021, 31 December 2021 and 31 December 2022		26
<u>Accumulated amortisation</u>		
At 1 January 2021		7
Amortisation for the year		7
At 31 December 2021		14
Amortisation for the year		6
At 31 December 2022		20
<u>Net book value</u>		
At 1 January 2021		19
At 31 December 2021		12
At 31 December 2022		6

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

18. OTHER RECEIVABLES, NON-CURRENT

	Company	
	2022 \$'000	2021 \$'000
Amounts due from a subsidiary	2,136	2,136
Loss allowance	(2,136)	(2,136)
	–	–

The debt has been identified to be credit impaired as there is no realistic prospect of a recovery of an amount due from a subsidiary amounting to \$2,136,000.

19. FINANCE LEASE RECEIVABLES

	Group	
	2022 \$'000	2021 \$'000
Finance lease receivables, non-current	–	40
Finance lease receivables, current	–	76
	–	116

A subsidiary has a right-of-use asset relating to a warehouse which is classified as a finance lease, as the sublease is for the majority remaining lease term of the head lease. Right-of-use assets relating to the head leases with subleases classified as finance lease are derecognised.

Finance income on the net investment in subleases during the financial year is \$4,000. The group has determined that the lifetime expected credit loss (“ECL”) is insignificant as at 31 December 2022.

A summary of the maturity analysis of lease payments receivable that shows undiscounted lease payments to be received on an annual basis is as follows:

	Group	
	2022 \$'000	2021 \$'000
Minimum lease payments receivable:		
Not later than one year	–	80
Between 2 to 5 years	–	40
Total	–	120
Unearned finance income	–	(4)
Net investment in the leases	–	116

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

20. INVENTORIES

	Group	
	2022 \$'000	2021 \$'000
Goods for resale	25,828	16,239
Spare parts	457	628
	26,285	16,867
Inventories are stated after allowance. Movements in allowance:		
At beginning of the year	1,000	794
Charge to profit or loss included in other losses	473	387
Used	(5)	(190)
Foreign exchange	(103)	9
At end of the year	1,365	1,000

In 2022, the cost of inventories recognised as an expense and included in cost of sales amounted to \$43,709,000 (2021: \$33,050,000).

There are no inventories pledged as security for liabilities.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Trade receivables:</u>				
Third parties	13,555	11,283	–	–
Related parties	1,009	653	–	–
Less allowance for impairment	(330)	(517)	–	–
Net trade receivables – subtotal	14,234	11,419	–	–
<u>Other receivables:</u>				
Third parties	471	27	29	30
Subsidiaries	–	–	7,550	5,587
Related parties	950	2,154	136	274
GST recoverable	5	14	5	4
Net other receivables – subtotal	1,426	2,195	7,720	5,895
Total trade and other receivables	15,660	13,614	7,720	5,895

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

21. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group	
	2022 \$'000	2021 \$'000
Movements in above allowance on trade receivables:		
At beginning of the year	517	579
Reversal to profit or loss included in other gains	(144)	(67)
Foreign exchange	(43)	5
At end of the year	330	517

The expected credit losses (ECL) on the trade receivables are based on the simplified approach to measure ECL which uses a lifetime ECL allowance approach for all such assets recognised from the initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the current economic conditions.

The ageing of the assets is as follows:

	Gross amount		Loss allowance	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables:				
Not past due	8,657	5,868	–	–
Past due 1 – 90 days	5,118	4,973	–	–
Past due 91 – 180 days	173	175	–	(6)
Past due more than 180 days	616	920	(330)	(511)
Total	14,564	11,936	(330)	(517)

Concentration of trade receivable customers as at the end of reporting year:

	Group	
	2022 \$'000	2021 \$'000
Top 1 customer	1,040	1,643
Top 2 customers	1,850	2,803
Top 3 customers	2,541	3,253

For other receivables from subsidiaries and related parties, the group and the company assessed the latest financial performance and position of the subsidiaries and related parties, adjusted for future outlook of the industry and jurisdiction in which they operate in, and concluded there has been no significant increase in credit risk since the initial recognition of the non-trade receivables. Accordingly, the group and the company measured the loss allowance using 12-month ECL and determined that the ECL is insignificant as at 31 December 2022.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Not restricted in use	13,312	21,233	2,950	2,888
Cash and cash equivalents as per consolidated statement of cash flows	13,312	21,233	2,950	2,888

The interest earning balances are not significant.

22A. Non-cash transactions:

	Group	
	2022 \$'000	2021 \$'000
Acquisitions of certain assets under right-of-use assets under lease contracts	902	55

22B. Reconciliation of liabilities arising from financing activities:

Group	2021 \$'000	Cash flows \$'000	Non-cash changes \$'000	2022 \$'000
Lease liabilities	3,119	(831)	594 ^a	2,882
Total liabilities from financing activities	3,119	(831)	594	2,882

Group	2020 \$'000	Cash flows \$'000	Non-cash changes \$'000	2021 \$'000
Lease liabilities	3,763	(732)	88 ^a	3,119
Total liabilities from financing activities	3,763	(732)	88	3,119

a. Acquisitions and foreign exchange movements.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

23. SHARE CAPITAL

	Group and Company	
	Number	Share capital
	of shares issued '000	\$'000
Ordinary shares of no par value:		
Balance at 1 January 2021, 31 December 2021 and 31 December 2022	35,459	149,642

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

There are no external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

24. OTHER RESERVES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Translation reserve	(4,081)	(1,924)	–	–
Capital reserve	18,650	18,650	18,650	18,650
	14,569	16,726	18,650	18,650

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Capital reserve are non-distributable and represent:

- (i) the deemed capital injection arising from the waiver by its former ultimate holding company of amounts paid on behalf of the company in 2008; and
- (ii) the difference between fair value of the interest-free loan from its intermediate holding company and the loan amount.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

25. RETIREMENT BENEFITS

	Group	
	2022 \$'000	2021 \$'000
Present value of retirement benefit obligations	(2,687)	(3,627)
Fair value of plan assets	2,682	3,280
	(5)	(347)

The group operates a post-employment defined benefit plan for its employees in Canada. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method". There is no change in the method of actuarial calculation during the financial year.

The Brook Crompton Pension Plan for Canadian employees was established on 1 February 2002 as a successor plan to the BTR Pension Plan for Canadian employees and the Registered Pension Plan for the employees of Brook Hansen (Canada) Inc. No assets or liabilities were transferred from these prior plans; however this Plan is responsible for the increase in pre 1 February 2002 benefits stemming from the increase in final average earnings in respect of credited service from 1 January 1996 (or their date of entry in a prior plan with defined benefits if it is an executive personnel) to 1 February 2002. The Plan has been amended to comply with the Income Tax Act in Canada and evolving pension legislation and to clarify the maximum benefit provisions.

The plan assets are invested in a pooled balanced fund managed by external parties.

Movement in the present value of retirement benefit obligations:

	Group	
	2022 \$'000	2021 \$'000
Retirement benefit obligations at 1 January	(3,627)	(4,044)
Included in profit or loss		
Current service costs	(290)	(354)
Interest costs	(116)	(118)
	(406)	(472)
Included in other comprehensive income		
Remeasurements - actuarial gain*	987	950
Others		
Benefits paid by the plan	163	26
Effects of movement in exchange rate	196	(87)
	359	(61)
Retirement benefit obligations at 31 December	(2,687)	(3,627)

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

25. RETIREMENT BENEFITS (CONT'D)

Retirement benefit obligations relate to a funded pension plan of a subsidiary. The obligation is the actuarial present value of benefits due to past and present employees.

Movement in the fair value of plan assets:

	Group	
	2022	2021
	\$'000	\$'000
Fair value of plan assets at 1 January	3,280	2,630
Included in profit or loss		
Interest income	100	73
Included in other comprehensive income		
Return on plan assets, excluding interest income*	(519)	318
Others		
Contributions paid in the plan	221	241
Benefits paid by the plan	(163)	(38)
Effects of movement in exchange rate	(237)	56
	(179)	259
Fair value of plan assets at 31 December	2,682	3,280

* Net recorded in other comprehensive income amounting to \$468,000 (2021: \$1,268,000).

The plan assets are invested in the following areas:

	Group	
	2022	2021
	%	%
Equity	64	64
Bond	31	31
Cash	5	5
Total	100	100

The amounts recognised in the profit or loss are allocated as follows:

	Group	
	2022	2021
	\$'000	\$'000
Included in distribution and marketing costs	(116)	(154)
Included in administrative expenses	(190)	(245)
Total expenses allocated	(306)	(399)

The principal actuarial assumptions used for the purpose of the actuarial valuation at the end of the reporting year were as follows:

	Group	
	2022	2021
Discount rate	5.1%	3.0%
Future pension increment	3.0%	3.0%
Longevity at retirement age	22.3	22.5

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

25. RETIREMENT BENEFITS (CONT'D)

The assumptions relating to longevity used to compute the defined benefit obligation liabilities are based on best estimate of the mortality of plan members both during and after employment based on the published mortality tables commonly used by the actuarial profession in each territory concerned.

For each of the above significant actuarial assumptions, a sensitivity analysis on the defined benefit obligation has been determined based on reasonably possible changes of the assumption occurring at the end of the reporting year, while holding all other assumptions constant:

	Group	
	Decrease \$'000	Increase \$'000
If the discount rate is 1% higher (lower)	323	401
If the expected rate of salary growth (decreases) increases by 0.5%	51	54

26. LEASE LIABILITIES

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Lease liabilities, current	568	724	52	85
Lease liabilities, non-current	2,314	2,395	–	52
	2,882	3,119	52	137

A summary of the maturity analysis of lease liabilities is disclosed in Note 29E. Total cash outflows from leases are shown in the consolidated statement of cash flows. The related right-of-use-assets are disclosed in Note 15.

Leases for right-to-use assets - the group has a few leases relating to the offices, warehouses, motor vehicles and office equipment. Other information about the leasing activities are summarised as follows – The leases prohibit the lessee from selling or pledging the underlying leased assets as security unless permitted by the owners. There are no variable payments linked to an index. The leases are for terms between 2 to 11 years. The leases do not provide options to purchase the underlying leased assets outright. Certain of the leases provide options to extend the leases for a further term. The weighted average incremental borrowing rate applied to lease liabilities recognised was ranged from 1.75% to 5.50% (2021: 1.75% to 5.50%) per annum.

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	6,658	4,914	211	182
Related parties	10,886	8,023	–	–
Trade payables – subtotal	17,544	12,937	211	182
<u>Other payables:</u>				
Immediate holding company	19	12	19	12
Related parties	202	143	121	38
Other payables – subtotal	221	155	140	50
Total trade and other payables	17,765	13,092	351	232

28. ACQUISITION OF BUSINESS

On 31 January 2022, the group acquired distribution business from Wolong EMEA SRL (incorporated in Italy) to expand the distribution business in Europe after Brexit (withdrawal of the United Kingdom from the European Union). The distribution business acquired is transferred into a new branch of Brook Crompton UK Limited. The transaction was accounted for by the acquisition method of accounting.

The fair values of identifiable assets acquired and liabilities assumed shown below for the business are provisional as the hindsight period (of not more than twelve months) allowed by the financial reporting standard on business combinations has not yet expired. A detailed report from an independent professional valuer on the fair values is expected to be available before the end of the next reporting year.

	Pre-acquisition book values under SFRS(I) \$'000	Provisional fair values \$'000
Plant and equipment	64	64
Trade receivables	837	837
Inventories	1,374	1,374
Trade payables	(1,374)	(1,374)
Provision employee benefits	(115)	(115)
Net assets	786	786

Goodwill arising on acquisition:

The goodwill arising on acquisition is as follows:

	2022 \$'000
Consideration transferred	1,013
Fair value of identifiable net assets acquired	(786)
Provisional goodwill arising on acquisition	227

The provisional goodwill is not deductible for tax purposes. The provisional goodwill is fully impaired during the year (Note 6).

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

29A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	28,972	34,963	10,670	8,783
At end of the year	28,972	34,963	10,670	8,783
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	20,647	16,211	403	369
At end of the year	20,647	16,211	403	369

Further quantitative disclosures are included throughout these financial statements.

29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

29C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

29D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as trade receivables and contract assets. For credit risk on trade receivables, contract assets and other financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

29D. Credit risk on financial assets (cont'd)

Note 22 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

29E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2021: 60 days).

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

Group	Less than 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000	Total \$'000
Non-derivative financial liabilities:				
2022:				
Gross lease liabilities	625	1,950	489	3,064
Trade and other payables	17,765	–	–	17,765
At end of year	18,390	1,950	489	20,829

Group	Less than 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000	Total \$'000
Non-derivative financial liabilities:				
2021:				
Gross lease liabilities	781	2,057	463	3,301
Trade and other payables	13,092	–	–	13,092
At end of year	13,873	2,057	463	16,393

Company	Less than 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000	Total \$'000
Non-derivative financial liabilities:				
2022:				
Gross lease liabilities	53	–	–	53
Trade and other payables	351	–	–	351
At end of year	404	–	–	404

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

29E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Company	Less than 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000	Total \$'000
Non-derivative financial liabilities:				
2021:				
Gross lease liabilities	90	53	–	143
Trade and other payables	232	–	–	232
At end of year	322	53	–	375

29F. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in non-functional currency:

Group 2022	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
Financial assets:				
Cash and cash equivalents	442	2,122	1,175	3,739
Trade and other receivables	4,483	3,610	2,603	10,696
Total financial assets	4,925	5,732	3,778	14,435

Group 2022	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
Financial liabilities:				
Trade and other payables	1,942	4,523	112	6,577
Total financial liabilities	1,942	4,523	112	6,577
Net financial assets at end of the year	2,983	1,209	3,666	7,858

Group 2021	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
Financial assets:				
Cash and cash equivalents	878	2,078	1,166	4,122
Trade and other receivables	1,284	3,260	3	4,547
Total financial assets	2,162	5,338	1,169	8,669

Group 2021	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
Financial liabilities:				
Trade and other payables	942	695	–	1,637
Total financial liabilities	942	695	–	1,637
Net financial assets at end of the year	1,220	4,643	1,169	7,032

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

29F. Foreign currency risks (cont'd)

Company 2022	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
<u>Financial assets:</u>				
Cash and cash equivalents	9	1,498	1,167	2,674
Trade and other receivables	56	1,174	2,501	3,731
Total financial assets	65	2,672	3,668	6,405

Company 2022	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
<u>Financial liabilities:</u>				
Trade and other payables	19	–	28,806	28,825
Total financial liabilities	19	–	28,806	28,825
Net financial assets (liabilities) at end of the year	46	2,672	(25,138)	(22,420)

Company 2021	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
<u>Financial assets:</u>				
Cash and cash equivalents	1	936	1,111	2,048
Trade and other receivables	–	3,594	33	3,627
Total financial assets	1	4,530	1,144	5,675

Company 2021	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
<u>Financial liabilities:</u>				
Trade and other payables	12	–	–	12
Total financial liabilities	12	–	–	12
Net financial (liabilities) assets at end of the year	(11)	4,530	1,144	5,663

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

29F. Foreign currency risks (cont'd)

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

Group	2022 \$'000	2021 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against Euro with all other variables held constant would have an adverse effect on pre-tax profit of	298	122
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the US Dollar with all other variables held constant would have an adverse effect on post-tax profit of	121	464
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the GBP with all other variables held constant would have an adverse effect on post-tax profit of	367	117
Company	2022 \$'000	2021 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against Euro with all other variables held constant would have an adverse (favourable) effect on pre-tax profit of	5	(1)
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the US Dollar with all other variables held constant would have an adverse effect on post-tax profit of	267	453
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the GBP with all other variables held constant would have a (favourable) adverse effect on post-tax profit of	(25)	114

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year.

Notes to The Financial Statements

For The Financial Year Ended 31 December 2022

30. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. None of these are applicable to the reporting entity for the current reporting year.

31. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2023
SFRS (I) 1-1	Disclosure of Accounting Policies - Amendments to SFRS (I) 1-1 and SFRS (I) Practice Statement 2 Making Materiality Judgements	1 Jan 2023
SFRS (I) 1-8	Definition of Accounting Estimates - Amendments to	1 Jan 2023

Letter to Shareholders

Directors:	Registered Office:
Mr Pang Xinyuan	19 Keppel Road
Dr Knut Unger	#08-01 Jit Poh Building
Mr Chao Mun Leong	Singapore 089058

To: The Shareholders of Brook Crompton Holdings Ltd.

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR TRANSACTIONS WITH INTERESTED PERSONS OF THE COMPANY (THE GENERAL MANDATE)

1. BACKGROUND

We refer to (a) the Notice of the Annual General Meeting (“2023 AGM”) of Brook Crompton Holdings Ltd. (the “Company”) dated 06 April 2023 (the “Notice of AGM”) accompanying the Annual Report of the Company for the financial year ended 31 December 2022 (the “2022 Annual Report”) in relation to the convening of the 2023 AGM of the Company which is scheduled to be held on 24 April 2023, and (b) Ordinary Resolution 6 in relation to the renewal of the General Mandate under the heading “Special Business” set out in the Notice of the 2023 AGM.

2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE

2.1 The Existing General Mandate

At the General Meeting held on 28 April 2022 (the “AGM”), shareholders of the Company (“Shareholders”) approved the renewal of the General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions falling within the categories of ATB Interested Person Transactions described in the Company’s circular to Shareholders dated 29 November 2006.

2.2 Proposed Renewal of the General Mandate

The General Mandate was expressed to continue to be in force until the conclusion of the next Annual General Meeting of the Company, being the forthcoming 2023 AGM. Accordingly, the directors of the Company (the “Directors”) propose that the General Mandate be renewed at the forthcoming 2023 AGM. The particulars of the interested person transactions in respect of which the General Mandate is sought to be renewed remained unchanged.

2.3 Details of the General Mandate

Details of the General Mandate, including the rationale for and the benefits to the Company, the review procedures for determining transaction prices with interested persons and other general information in relation to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “Listing Manual”), are set out in the Appendix to this letter.

2.4 Confirmation of Audit Committee

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee of the Company confirms that:

- the methods or procedure for determining the transaction prices under the General Mandate have not changed subsequent to the 2023 AGM; and
- the methods or procedure referred to paragraph 2.4(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Letter to Shareholders

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 The interest of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors	10,000	0.03	–	–
Knut Unger	–	–	23,439,519 ⁽¹¹⁾	66.10
Pang Xinyuan	–	–	–	–
Chao Mun Leong	–	–	–	–
Substantial Shareholders	–	–	–	–
ATB Austria Antriebstechnik AG	–	–	23,439,519 ⁽²⁾	66.10
Wolong Investments Gmbh	–	–	23,439,519 ⁽³⁾	66.10
Wolong Holding Group Gmbh	–	–	23,439,519 ⁽⁴⁾	66.10
Hongkong Wolong Holding Group Co Ltd	–	–	23,439,519 ⁽⁵⁾	66.10
Wolong Electric Group Co Ltd	–	–	23,439,519 ⁽⁶⁾	66.10
Zhejiang Wolong Shunyu Investment Co. Ltd	–	–	23,439,519 ⁽⁷⁾	66.10
Wolong Holding Group Co Ltd	–	–	23,439,519 ⁽⁸⁾	66.10
Chen Jiancheng	–	–	23,439,519 ⁽⁹⁾	66.10
Chen Yanni	–	–	23,439,519 ⁽¹⁰⁾	66.10

- (1) The percentage shareholding interest is based on the issued share capital of 35,458,818 shares as at the Latest Practicable Date.
- (2) ATB Austria Antriebstechnik AG ("ATB") is deemed to be interested in the 23,439,519 ordinary shares held under the name of nominee – CGS-CIMB Securities (Singapore) Pte. Ltd.
- (3) Wolong Investments Gmbh ("Wolong Investments") holds 100% shares in ATB and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Companies Act 1967 ("the Act").
- (4) Wolong Holding Group Gmbh ("Wolong Holding") is the sole shareholder of Wolong Investments and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (5) Hongkong Wolong Holding Group Co Ltd ("Hongkong Wolong") is the sole shareholder of Wolong Holding and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (6) Wolong Electric Group Co Ltd ("Wolong Electric") is the sole shareholder of Hongkong Wolong and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (7) Zhejiang Wolong Shunyu Investment Co. Ltd ("Zhejiang Wolong Shunyu") holds 32.15% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (8) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Zhejiang Wolong Shunyu and holds 4.69% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (9) Chen Jiancheng holds 48.93% equity interest in WHGCL and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (10) Chen Yanni holds 38.73% equity interest in WHGCL and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (11) Pang Xinyuan is spouse of Chen Yanni and son-in-law of Chen JianCheng, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 164(15) of the Act.

Letter to Shareholders

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONTINUED)

3.2 Abstention from voting

ATB, Wolong and their respective associates (as defined in the Listing Manual) will abstain from voting in respect of the Ordinary Resolution relating to the proposed renewal of the General Mandate at the forthcoming 2023 AGM.

Further, each of the persons mentioned in this paragraph 3.2 undertakes to decline to accept appointment to act as proxies for other Shareholders of the Company at the 2023 AGM or Ordinary Resolution 6 unless the Shareholder concerned shall have been given specific instructions as to the manner in which his votes are to be cast.

4. DIRECTORS' RECOMMENDATION

The Directors who are considered independent for the purposes of the proposed renewal of the General Mandate (the "Independent Directors") are Dr Knut Unger and Mr Chao Mun Leong. The Independent Directors having considered, *inter alia*, the terms, the rationale and the benefits of the General Mandate, are of the view that the General Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution 6 relating to the General Mandate set out in the Notice of AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors jointly and severally accept responsibility for the accuracy of the information contained in this letter and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts and opinions expressed in this letter are fair and accurate and that there are no material facts the omission of which would make any statement in this letter misleading.

6. ADVICE TO SHAREHOLDERS

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisor immediately.

7. SGX-ST

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this letter.

Yours faithfully

BROOK CROMPTON HOLDINGS LTD.
Chao Mun Leong

Singapore

The Appendix

1. CHAPTER 9 OF THE LISTING MANUAL

- 1.1 Chapter 9 of the Listing Manual (“Chapter 9”) governs transactions which a listed company or any of its subsidiaries or associated companies proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its minority shareholders.
- 1.2 For the purposes of Chapter 9:
- (a) an “approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9;
 - (b) an “associate” in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An “associate” in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
 - (c) an “associated company” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
 - (d) a “controlling shareholder” is a person who holds directly or indirectly 15% or more of all voting shares in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;
 - (e) an “entity at risk” means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed group that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;
 - (f) an “interested person” means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
 - (g) an “interested person transaction” means a transaction between an entity at risk and an interested person; and
 - (h) a “transaction” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of products and services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business and whether or not entered into directly or indirectly.

The Appendix

- 1.3 Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, an immediate announcement is required where:
- (a) the value of a proposed transaction is equal to or exceeds 3% of the listed group's latest audited consolidated net tangible assets ("NTA"); or
 - (b) the aggregate value of all transactions entered into with the same interested person during the same financial year is equal to or more than 3% of the listed group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year, and shareholders' approval (in addition to an immediate announcement) is required where:
 - (c) the value of a proposed transaction is equal to or exceeds 5% of the listed group's latest audited consolidated NTA; or
 - (d) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed group's latest audited consolidated NTA. The aggregate will exclude any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

For the purposes of aggregation, interested person transactions below S\$100,000 each are to be excluded.

- 1.4 Part VIII of Chapter 9 allows a listed company to seek a General Mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A General Mandate granted by shareholders is subject to annual renewal.

2. RATIONALE FOR THE GENERAL MANDATE

- 2.1 The Directors believe that the General Mandate is in the interests of the Group for the following reasons:-

- (a) The ATB/Wolong Interested Persons are in a similar business as the Group and as such, there are opportunities for the Group to leverage on the products and services provided by the ATB/Wolong Interested Persons. In fact, one of the reasons stated by ATB for acquiring control of the Group was to acquire a significant stake in a complementary business with regard to product range and market presence. The General Mandate will allow the Group to take advantage of such opportunities, thereby increasing its revenue.
- (b) Timely delivery is an essential element in the Group's business. If the Company were required to seek Shareholders' approval on each occasion it deals with the ATB/Wolong Interested Persons, it would make it unviable for the ATB/Wolong Interested Persons to transact with the Group.

The General Mandate would facilitate such transactions with the ATB/Wolong Interested Persons being carried out in a timely manner.

- (c) If the Company is constantly required to seek Shareholders' approval for transactions with the ATB/Wolong Interested Persons, the Company would have to expand administrative time and resources as well as incur additional expenses associated therewith. The proposed General Mandate would allow such resources and time to be channelled towards the Company's other objectives.

The Appendix

- 2.2 The General Mandate and the renewal thereof on an annual basis are intended to facilitate the ATB/Wolong Interested Person Transactions in the ordinary course of business of the Group which the Directors envisage likely to be transacted with some frequency from time to time with the ATB/Wolong Interested Persons, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3. CLASSES OF ATB/WOLONG INTERESTED PERSONS

The proposed General Mandate will apply to the transactions set out in paragraph 4.2 below proposed to be carried out with the following classes of persons: (a) ATB; (b) Wolong Group Holding Co. Ltd ("Wolong"), who is holding company of ATB; and (c) any associate (as defined in the Listing Manual) of ATB or Wolong.

4. SCOPE OF THE GENERAL MANDATE

- 4.1 Chapter 9 of the Listing Manual governs transactions by a listed company as well as transactions by its subsidiaries and associated companies that are considered to be at risk with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregation with all other transactions conducted with the same interested person during the financial year exceeds certain materiality thresholds, the listed company is required to seek its shareholders' approval for that transaction.

The materiality thresholds are:-

- (a) 5% of the listed group's latest audited consolidated NTA; or
- (b) 5% of the listed group's latest audited consolidated NTA, when aggregated with all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

However, Chapter 9 of the Listing Manual permits a listed company to seek a mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials that may be carried out with the listed company's interested persons.

As mentioned, in light of the fact that the Group and the ATB/Wolong Interested Persons are in similar businesses, it is envisaged that in the ordinary course of their businesses, certain transactions (as more particularly set out in paragraph 4.2 below) between the Group Companies and the ATB/Wolong Interested Persons may occur from time to time. Such ATB/Wolong Interested Person Transactions would be transactions in the ordinary course of business in the Group.

Accordingly, the General Mandate is being proposed to enable the group of companies (Group Companies) to, in the ordinary course of business, enter into the categories of ATB/Wolong Interested Person Transactions set out in paragraph 4.2 below with the ATB/Wolong Interested Persons, provided such transactions are entered into on an arm's length basis and on normal commercial terms, and are not prejudicial to the interest of the Company and its minority Shareholders.

The General Mandate does not cover any transaction between a Group Company and any ATB/Wolong Interested Person that is below S\$100,000 in value, as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

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4.2 Types of Transactions under the Scope of the General Mandate

The ATB/Wolong Interested Person Transactions to be covered by the General Mandate would include the following classes of transactions which are entered into during the Group's normal course of business. The General Mandate does not cover any purchase or sale of assets, undertakings or businesses from or to the ATB/Wolong Interested Persons.

(a) Trading of electric motors and components

As the Group Companies and the ATB/Wolong Group each specialise in the manufacture and trading of different categories of electric motors, occasions may arise from time to time where it is necessary for the Group Companies to sell or purchase electric motors and components from the ATB/Wolong Group. Currently, the Group Companies are in the business of trading high voltage and low voltage industrial electric motors whereas the ATB/Wolong Group specialises in the production of electric motors.

The sale and purchase prices for such electric motors and components to be sold or bought from the ATB/Wolong Group are determined by the sales or purchasing departments of the relevant Group Companies on the same bases as if the relevant Group Company were dealing with an unrelated third party.

The Group will benefit from having access to a wide range of electric motors and components at competitive quotes from the ATB/Wolong Group, in addition to obtaining quotes from or transacting with unrelated third parties.

(b) Production and sub-contracting services

Transactions in this category of services include the provision of sub-contracting services by companies within the Group to the ATB/Wolong Group at an agreed contracted price for the contract period. As both the ATB/Wolong Group and the Group Companies are in a similar business of producing electric motors, the ATB/Wolong Group may on occasions outsource the production of certain electric motors to a Group Company. Such sub-contracting arrangements would benefit the Group, as it would enable excess production capacities of any Group Company to be utilised more effectively in providing a source of additional income for the Group. The price would be based on a cost-plus-margin formula or on a fixed cost (inclusive of margin) per unit motor or component to be produced during the specific contract period.

(c) Storage and warehousing of electric motors and components

Transactions falling within this category are the provision of storage services for electric motors and components to the ATB/Wolong Group by the Group Companies at an agreed storage fee. Such fees are negotiated for the contractual period and are based on the prevailing rental rates for similar storage and warehouse space available on the market.

It is expected that the sharing of storage and warehousing facilities with the ATB/Wolong Group would enable the Group Companies to save on rental costs.

(d) Receipt of financial assistance

This category covers transactions between companies within the Group and the ATB/Wolong Interested Persons, which may include (i) the borrowing of money from the ATB/Wolong Interested Persons and (ii) the provision of guarantees, indemnities or security by the ATB/Wolong Interested Persons in favour of the Group's creditors in respect of borrowings which are incurred by the Group. The Group may seek financial assistance from the ATB/Wolong Interested Persons in cases where there are insufficient funds for the Group's operations.

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The cost of borrowing will be based on the prevailing rates of interest had the relevant company within the Group borrowed from the market. Commission rates (if any) which are charged by the ATB/Wolong Interested Persons for the provision of such guarantees or indemnities will be benchmarked against commission rates quoted by reputable financial institutions.

As any interest payable by the Group Companies to the ATB/Wolong Interested Persons would be no less favourable than what is offered in the market, the provision of financial assistance by the ATB/Wolong Interested Persons would also allow the Group Companies ready access to funds in an expedient manner to meet the Group Companies' liquidity and working capital needs.

(e) Management support services

The Group may, from time to time, receive or provide management and support services from/to the ATB/Wolong Interested Persons in the areas of financial and treasury advice, investment risk review, governmental relations, strategic development, management information systems, internal audit and human resources management and development ("management support services"). By having access to and providing such management support services, the Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the global network of the ATB/Wolong Interested Persons.

5. REVIEW PROCEDURES FOR THE ATB/WOLONG INTERESTED PERSON TRANSACTIONS

To ensure that the ATB/Wolong Interested Person Transactions are conducted on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and on terms which are generally no more favourable than those extended to unrelated third parties, as a general practice, the relevant company within the Group will only enter into an ATB/Wolong Interested Person Transaction if the terms offered by/extended to an ATB/Wolong Interested Person are no less/more favourable than terms offered by/extended to unrelated third parties. To this end, the Group will adopt the procedures set out below.

5.1 All ATB/Wolong Interested Person Transactions (except storage and warehousing and financial assistance)

The Company will monitor the ATB/Wolong Interested Person Transactions which are covered by the General Mandate by implementing the following review and approval procedures:

- (a) Quotations will be obtained from the relevant ATB/Wolong Interested Person and at least two other similar unrelated third party providers to determine if the price and terms offered by such ATB/Wolong Interested Person are fair and reasonable. In determining if the price and terms offered by the relevant ATB/Wolong Interested Person are fair and reasonable, factors such as (but not limited to) quality, specification compliance, track record, experience and expertise, preferential rates, rebates or discounts accorded for bulk purchases may also be taken into account.
- (b) Where it is not possible to obtain quotations from unrelated third parties and in order to determine whether the terms of the transaction with the relevant ATB/Wolong Interested Person are fair and reasonable, the designated approving party will assess whether the pricing and terms of the transaction is in accordance with the Group's usual business practices and pricing policy, the prevailing industry norms and whether they are consistent with the usual margins for the same or substantially similar types of transactions entered into with unrelated third parties. A written recommendation will be submitted to the designated approving parties by the relevant sales or purchasing personnel of the relevant Group Company.

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(c) Threshold Limits

Transactions less than €100,000 each in value will be reviewed and approved by the designated management levels in accordance with the Group's procedures on the delegation of authority.

Transactions exceeding €100,000 but less than €300,000 each in value will be reviewed and approved by the Managing Director and the Financial Controller of the relevant company within the Group.

Transactions exceeding €300,000 but less than €1,000,000 each in value will be reviewed and approved by the Group Chief Executive Officer.

Transactions exceeding €1,000,000 each in value will be reviewed and approved by the Audit Committee.

The aforementioned approvals shall be obtained before the transactions are entered into or carried out.

5.2 Storage and warehousing

In relation to storage and warehousing services for electric motors and components, the agreed storage fees should be no less favourable than prevailing rental rates. In the event that market rental rates are not readily available, the relevant company within the Group shall adopt the procedures set out in paragraph 5.1(b).

The threshold limits as set out in paragraph 5.1(c) shall also apply for purposes of reviewing and approving any ATB/Wolong Interested Person Transaction which involves the provision of storage and warehousing services.

5.3 Financial Assistance

In relation to financial assistance, the borrowing of funds from any ATB/Wolong Interested Person should be at rates and on conditions no less favourable than those quoted by a reputable financial institution licensed by the Monetary Authority of Singapore or, in the case of borrowings made by the Group's foreign subsidiaries, at rates quoted by reputable financial institutions located in the relevant foreign jurisdictions.

In relation to the provision of guarantees, indemnities or security by the ATB/Wolong Interested Persons in favour of the Group's creditors, in respect of borrowings which are incurred by the Group, any commission rates (if any) which are chargeable by the ATB/Wolong Interested Persons for the provision of such guarantees or indemnities shall be at rates no less favourable than that quoted by reputable financial institutions.

In cases where, for any reason, information relating to the prevailing interest/commission rates chargeable by such financial institutions is unavailable, the relevant company within the Group shall adopt the procedures set out in paragraph 5.1(b) above.

All financial assistance transactions will be reviewed and approved by the Group Chief Executive Officer. Any financial assistance transaction which exceeds €3,000,000 each in value will be reviewed and approved by the Audit Committee.

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5.4 General Administrative Procedures for the ATB/Wolong Interested Person Transactions

The Company will also implement the following administrative procedures in respect of transactions proposed to be entered into with the ATB/Wolong Interested Persons:–

- (a) A register will be maintained by each company within the Group to record all ATB/Wolong Interested Person Transactions which are entered into pursuant to the General Mandate. The annual internal audit plan shall incorporate a review of all ATB/Wolong Interested Person Transactions entered into pursuant to the General Mandate.
- (b) The person authorised to approve those transactions must not have a direct or indirect interest in the transactions. In instances where the authorised person has a direct or indirect interest in any ATB/Wolong Interested Person Transaction, he/she shall not take part in the approval process for such ATB/Wolong Interested Person Transactions. Such ATB/Wolong Interested Person Transactions shall be subject to the approval of such other non-interested persons who are authorised to approve transactions within that threshold limit or the next higher approving authority who has no direct or indirect interest in such transactions.
- (c) On a quarterly basis, the Audit Committee will review all ATB/Wolong Interested Person Transactions.

The managing director and the financial controller of the relevant company within the Group shall submit a declaration form to the Head Office of the Group at the end of each financial quarter, stating that all ATB/Wolong Interested Persons Transactions have been fairly and reasonably executed and are consistent with the guidelines and review procedures for ATB/Wolong Interested Person Transactions. Persons authorised to approve the relevant ATB/Wolong Interested Person Transactions shall also make a declaration when approving the relevant ATB/Wolong Interested Person Transactions, confirming that he/she does not have a direct or indirect interest in the relevant ATB/Wolong Interested Person Transactions.

- (d) The Internal Auditor/management of the Company will periodically review the established guidelines and procedures for the ATB/Wolong Interested Person Transactions to ensure compliance. The results of these reviews will be reported to the Audit Committee.
- (e) On the basis of these periodic reviews by the Internal Auditor/management and in the event the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that the ATB/Wolong Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the ATB/Wolong Interested Persons.
- (f) The Audit Committee has the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Company as they deem appropriate.

For the purpose of the approval process, if any member of the Audit Committee has an interest in a transaction to be reviewed by the Audit Committee, he will abstain from any decision making by the Audit Committee in respect of the transaction. Accordingly, where any member of the Audit Committee has an interest in the transaction to be reviewed by the Audit Committee, the approval of that transaction will be undertaken by the remaining member(s) of the Audit Committee.

6. DISCLOSURE IN ANNUAL REPORT

Disclosure has been made in the section on Interested Person Transactions in this Annual Report of the aggregate value of transactions in excess of S\$100,000 conducted with Interested Persons (as described in paragraph 3 of the appendix to this letter) pursuant to the existing General Mandate during the financial year ended 31 December 2022 and disclosure shall be made in the Annual Reports for subsequent financial years that the General Mandate continues in force in accordance with the requirements of Chapter 9.

Shareholding Statistics

As at 20 March 2023

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Number of shares issued	:	35,458,818
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 20 MARCH 2023

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	794	19.04	48,315	0.14
100 - 1000	2,418	57.99	901,987	2.54
1,001 - 10,000	820	19.66	2,766,066	7.80
10,001 - 1,000,000	136	3.26	7,060,873	19.91
1,000,001 AND ABOVE	2	0.05	24,681,577	69.61
TOTAL	4,170	100.00	35,458,818	100.00

TWENTY LARGEST SHAREHOLDERS

(as shown in the Depository Register)

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	23,439,571	66.10
2	DBS NOMINEES PTE LTD	1,242,006	3.50
3	ABN AMRO CLEARING BANK N.V.	611,600	1.72
4	KOH BENG LING	591,400	1.67
5	PHILLIP SECURITIES PTE LTD	283,028	0.80
6	CITIBANK NOMINEES SINGAPORE PTE LTD	272,151	0.77
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	265,207	0.75
8	OCBC SECURITIES PRIVATE LTD	263,176	0.74
9	TAN LEE HUANG	215,000	0.61
10	CHIN MIN KWONG	204,000	0.58
11	TEH CHIN HUAT	178,400	0.50
12	IYER ANJALI SUBRAMANIAN	176,175	0.50
13	SEAH CHYE ANN (XIE CAI'AN)	165,000	0.47
14	GO MEI LIN	140,750	0.40
15	OCBC NOMINEES SINGAPORE PTE LTD	128,168	0.36
16	HO SIOK HWA EILEEN	125,750	0.35
17	LOW BOON YONG	120,200	0.34
18	HO SIN CHAN	112,800	0.32
19	CHEW POH KWAN MARGARET	108,500	0.31
20	LIM AND TAN SECURITIES PTE LTD	100,650	0.28
TOTAL		28,743,532	81.07

Shareholding Statistics

As at 20 March 2023

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2023

Name	DIRECT INTERESTS		DEEMED INTERESTS	
	No. of Shares	%	No. of Shares	%
ATB Austria Antriebstechnik AG	–	–	23,439,519 ⁽¹⁾	66.10
Wolong Investments Gmbh	–	–	23,439,519 ⁽²⁾	66.10
Wolong Holding Group Gmbh	–	–	23,439,519 ⁽³⁾	66.10
Hongkong Wolong Holding Group Co Ltd	–	–	23,439,519 ⁽⁴⁾	66.10
Wolong Electric Group Co Ltd	–	–	23,439,519 ⁽⁵⁾	66.10
Zhejiang Wolong Shunyu Investment Co. Ltd	–	–	23,439,519 ⁽⁶⁾	66.10
Wolong Holding Group Co Ltd	–	–	23,439,519 ⁽⁷⁾	66.10
Chen Jiancheng	–	–	23,439,519 ⁽⁸⁾	66.10
Chen Yanni	–	–	23,439,519 ⁽⁹⁾	66.10
Pang Xinyuan	–	–	23,439,519 ⁽¹⁰⁾	66.10

Note :

- (1) ATB Austria Antriebstechnik AG's ("ATB") interest in the 23,439,519 shares were held under the name of nominees - CGS-CIMB Securities (Singapore) Pte Ltd.
- (2) Wolong Investments Gmbh ("Wolong Investments") holds 100% shares in ATB and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Companies Act 1967 ("the Act").
- (3) Wolong Holding Group Gmbh ("Wolong Holding") is the sole shareholder of Wolong Investments and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (4) Hongkong Wolong Holding Group Co Ltd ("Hongkong Wolong") is the sole shareholder of Wolong Holding and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (5) Wolong Electric Group Co Ltd ("Wolong Electric") is the sole shareholder of Hongkong Wolong and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (6) Zhejiang Wolong Shunyu Investment Co. Ltd ("Zhejiang Wolong Shunyu") holds 32.15% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (7) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Zhejiang Wolong Shunyu and holds 4.69% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (8) Chen Jiancheng holds 48.93% equity interest in WHGCL, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (9) Chen Yanni holds 38.73% equity interest in WHGCL, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (10) Pang Xinyuan is spouse of Chen Yanni and son-in-law of Chen Jiancheng, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 164(15) of the Act.

Percentage of Shareholding in the Hands of the Public

Based on the information available to the Company as at 20 March 2023, 33.87% of the issued shares of the Company was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST. The Company does not have treasury shares and subsidiary holdings.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of Brook Crompton Holdings Ltd. (the “**Company**”) will be held at Amara Hotel, Connection 1, Level 3, 165 Tanjong Pagar Road, Singapore 088539 on Monday, 24 April 2023 at 2.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2022 and the Directors’ Statement and the Auditor’s Report thereon. (Resolution 1)
2. To declare a final tax exempt one-tier dividend of 2.0 Singapore cents per ordinary share for the financial year ended 31 December 2022. (Resolution 2)
3. To approve the payment of Directors’ fees of up to S\$100,000 for the financial year ending 31 December 2023 (31 December 2022: S\$100,000). (Resolution 3)
4. To re-elect Mr Pang Xinyuan as Director pursuant to Regulation 104 of the Constitution of the Company. (Resolution 4)
(See Explanatory Note 1)
5. To re-appoint RSM Chio Lim LLP as auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. (Resolution 5)
6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. **APPROVAL OF THE RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS** (Resolution 6)

“That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“**Chapter 9**”) of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in the Appendix to the Company’s letter to shareholders dated 6 April 2023 (the “**Letter**”), with any party who is of the Classes of Interested Persons described in the Appendix to the Letter, provided that such transactions are carried out in the ordinary course of business and on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix to the Letter (the “**General Mandate**”);
- (b) such General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

Notice of Annual General Meeting

- (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 General Mandate and/or this resolution”.
(See Explanatory Note 2)

BY ORDER OF THE BOARD

Ang Siew Koon
Company Secretary

6 April 2023

Singapore

Explanatory Notes:

- Ordinary Resolution 4:** Mr Pang Xinyuan is a Non-Independent Non-Executive Director. If re-elected, Mr Pang will remain as a member of the Audit Committee, the Nominating Committee and the Remuneration Committee. Key information on Mr Pang can be found under the section titled “Board of Directors”, “Corporate Governance Report” and “Disclosure of Information On Director Seeking Re-election” of the Company’s 2022 Annual Report.

For the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), Mr Pang Xinyuan is considered as non-independent.

- Ordinary Resolution 6:** This resolution is to renew effective up to the conclusion of the next AGM of the Company (unless earlier revoked or varied by the Company in general meeting) the General Mandate to enable the Company, its subsidiaries and associated companies that are considered to be “entities at risk” to enter, in the ordinary course of business, into the types of mandated transactions with specific classes of the Company’s interested persons. The General Mandate which renewal was last approved by shareholders at the AGM of the Company held on 28 April 2022 will be expiring at the forthcoming AGM. Particulars of the General Mandate and the Audit Committee’s confirmation (pursuant to Rule 920(1) of the Listing Manual of the SGX-ST) in respect of the proposed renewal of the General Mandate, are contained in the Company’s letter to shareholders dated 6 April 2023.

Books Closure Date and Payment Date for Final Dividend

Subject to the approval of the shareholders at the forthcoming AGM, the Register of Members and the Transfer Books of the Company will be closed on 13 May 2023 for the purpose of preparing the dividend warrants for the final dividend (“**Dividend**”).

Duly completed registrable transfers received by the Company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 up to 5.00 p.m. on 12 May 2023 (the “**Record Date**”) will be registered to determine members’ entitlements to the Dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Record Date will be entitled to the Dividend.

The Dividend, if approved by the shareholders at the AGM, will be paid on 30 May 2023.

Important Notice to Shareholders regarding the Conduct of the Company’s AGM

- The AGM will be held in a wholly physical format and 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. **There will be no option for shareholders and members to participate virtually.** This Notice of AGM and the accompanying proxy form will be sent to shareholders and members by electronic means via publication on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company’s corporate website at <https://brookcromptonholdings.com/notice-of-meeting/>. Printed copies of this Notice and the accompanying proxy form will not be despatched to shareholders and members.

Notice of Annual General Meeting

2. Shareholders and members, including CPF investors and SRS investors, may participate in the AGM by:

- (a) attending the AGM in person;
- (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
- (c) voting at the AGM (i) themselves; or (ii) through their duly appointed proxy(ies).

For the avoidance of doubt, CPF investors and SRS investors will not be able to appoint third party proxy(ies) (i.e. persons other than the Chairman of the AGM) to vote at the AGM on their behalf.

CPF and SRS investors:

- (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on **12 April 2023**, being seven (7) working days prior to the date of the AGM.

3. Persons who hold shares through relevant intermediaries, other than CPF and SRS investors, and who wish to participate in the AGM by:

- (a) attending the AGM in person;
- (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
- (c) voting at the AGM (i) themselves; or (ii) appointing the Chairman of the AGM as proxy in respect of the Company's shares held by such relevant intermediary on their behalf,

should contact the relevant intermediary through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

4. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified in the instrument of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

“**relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Shareholders and members, including CPF and SRS investors, and (where applicable) duly appointed proxies attending the AGM in person, should bring along your NRIC/passport so as to enable the Company to verify your identity. Shareholders and members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell.
6. A proxy need not be a member of the Company.
7. Shareholders and members may appoint the Chairman of the AGM as proxy but this is not mandatory.

Notice of Annual General Meeting

8. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
- (a) **by post to the registered address of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058; or**
 - (b) **by sending a scanned PDF copy via email to the Company at mgt@brookcromptonholdings.com,**

in each case, **by 2.00 p.m. on 22 April 2023**, being not less than forty-eight (48) hours before the time set for holding the AGM.

9. **Shareholders' Questions and Answers**

Shareholders and members, including CPF and SRS investors, may submit questions relating to the resolutions to be tabled for approval at the AGM in advance of the AGM in the following manner by **14 April 2023** (at least seven (7) calendar days after the date of the Notice of AGM):

- (a) **by email to mgt@brookcromptonholdings.com; or**
- (b) **by post to the registered address of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058.**

Please state your question(s), your full name, NRIC/passport/company registration number, number of shares held and whether you are a shareholder or a proxy or a corporate representative of a corporate shareholder. All questions without these identification details will not be entertained.

Please note that responses from the Board and management of the Company on substantial and relevant questions received from shareholders and members will be published on the SGXNET at <https://www.sgx.com/securities/company-announcements> prior to the AGM.

We will address any subsequent clarifications sought, or substantial and relevant follow-up questions (which are related to the resolutions to be tabled for approval at the AGM) received after the 14 April 2023 cut-off time at the AGM itself.

The minutes of the AGM will be published on the SGXNET within one (1) month after the conclusion of the AGM.

10. **Documents for the AGM**

Documents relating to the business of the AGM which comprise the Company's Annual Report for the financial year ended 31 December 2022, including the Letter to Shareholders in relation to the proposed renewal of the General Mandate for interested person transactions, Disclosure of Information on Director Seeking Re-Election, the Notice of AGM and the accompanying proxy form have been published and may be accessed on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://brookcromptonholdings.com/annual-reports/> from 6 April 2023.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 and administration by the Company (or its agents or service providers) of proxies and representatives appointed 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 Annual General Meeting (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.

Disclosure of Information on Director Seeking Re-Election

Mr Pang Xinyuan is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 24 April 2023 (“AGM”) (“Retiring Director”).

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

MR PANG XINYUAN	
Date of Appointment	10 November 2016
Date of last re-appointment	23 June 2020
Age	44
Country of principal residence	People's Republic of China
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Refer to the disclosures set out under “Board balance”, “Board diversity policy”, “Directors’ selection and nomination process” and “Directors’ rotation and re-election” of the Corporate Governance Report in this Annual Report. The Board concurred with the Nominating Committee’s recommendation for the re-appointment of Mr Pang Xinyuan.
Whether appointment is executive, and if so, the area of responsibility	Re-appointment as Non-Independent Non-Executive Director.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Director Chairman of the Board of Directors Audit Committee Member Nominating Committee Member Remuneration Committee Member
Professional qualifications	1. Bachelor degree - Shanghai Jiao Tong University 2. Masters in Advertising and Marketing - Leeds University
Working experience and occupation(s) during the past 10 years	1. Chairman - Wolong Electric Group Co., Ltd. Jan 2022 - Present 2. Director - Wolong Holding Group Co., Ltd. Sep 2017 - Present 3. Supervisor - ATB Austria Antriebstechnik AG Sep 2021 - Present 4. CEO - Wolong Electric Group Co., Ltd. Jan 2016 - Jan 2022 5. Vice President - Wolong Electric Group Co., Ltd. Apr 2013 - Jan 2016

Disclosure of Information on Director Seeking Re-Election

MR PANG XINYUAN

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or any of its principal subsidiaries	<ol style="list-style-type: none"> 1. Spouse of Chen Yanni, a deemed substantial shareholder of the Company by virtue of her interest in Wolong Holding Group Co., Ltd. ("Wolong Holding"). Ms Chen is also the Supply Chain Director (a key management personnel) of the Company. 2. Son-in-law of Chen Jiancheng, a deemed substantial shareholder of the Company by virtue of his interest in Wolong Holding. 3. Wolong Holding is deemed interested in the shares of the Company held by ATB Austria Antriebstechnik AG ("ATB") under the name of nominee - CGS-CIMB Securities (Singapore) Pte Ltd.
Conflict of interest (including any competing business)	No
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))	Yes
Shareholding interest in the listed issuer and its subsidiaries?	Yes
Shareholding Details	Deemed interest in the 23,439,519 ordinary shares of the Company held by ATB.
Other Principal Commitments* including directorships	Refer to the Director's profile of Mr Pang disclosed under the section titled "Board of Directors" of this Annual Report.
Past (for the last 5 years)	
Present	
Information required pursuant to Listing Rule 704(7) under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual	Mr Pang's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual are all "No".

* "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018.

BROOK CROMPTON HOLDINGS LTD.

(Company Registration No.: 194700172G)
(Incorporated in the Republic of Singapore)

PROXY FORM FOR ANNUAL GENERAL MEETING

IMPORTANT:

- The Annual General Meeting ("AGM") will be held in a wholly physical format and 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. **There will be no option for shareholders and members to participate virtually.** The Notice of AGM dated 6 April 2023 ("AGM Notice") and this accompanying Proxy Form will be sent to shareholders and members by electronic means via publication on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://brookcromptonholdings.com/notice-of-meeting/>. Printed copies of the AGM Notice and this accompanying Proxy Form will not be despatched to shareholders and members.
- Arrangements relating to attendance at the AGM by shareholders and members, including CPF and SRS investors, submission of questions by shareholders and members, including CPF and SRS investors, in advance of, or at, the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM, and voting at the AGM by shareholders and members, including CPF and SRS investors, or (where applicable) duly appointed proxy(ies), are set out in the AGM Notice.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of proxy(ies).
- Pursuant to Section 181(1C) of the Companies Act 1967, relevant intermediaries may appoint more than two proxies to attend, speak and vote at the AGM.
- This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF and SRS investors. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on **12 April 2023**.
- Persons who hold shares through relevant intermediaries, other than CPF and SRS investors, and who wish to appoint the Chairman of the AGM as proxy, should approach the relevant intermediary to submit their votes.

(PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

I/We, _____ (Name) _____ (NRIC / Passport / Co Reg No.)
of _____ (Address)

being a member/members of **BROOK CROMPTON HOLDINGS LTD.** (the "**Company**"), hereby appoint:

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

*and/or

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

or failing *him/her, the Chairman of the Annual General Meeting (the "**AGM**") as *my/our proxy/proxies to attend, speak or vote for *me/us on *my/our behalf at the AGM of the Company to be held at Amara Hotel, Connection 1, Level 3, 165 Tanjong Pagar Road, Singapore 088539 on Monday, 24 April 2023 at 2.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or to abstain from voting on the Resolutions to be proposed at the AGM as indicated below. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

Resolution No.	Ordinary Resolutions	For	Against	Abstain
Resolution 1	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' Statement and Auditor's Report thereon.			
Resolution 2	To declare a final tax exempt one-tier dividend of 2.0 Singapore cents per ordinary share for the financial year ended 31 December 2022.			
Resolution 3	To approve the payment of Directors' fees of up to S\$100,000 for the financial year ending 31 December 2023.			
Resolution 4	To re-elect Mr Pang Xinyuan as a Director of the Company.			
Resolution 5	To re-appoint RSM Chio Lim LLP as Auditors.			
Resolution 6	To approve the renewal of the General Mandate for interested person transactions.			

Please indicate your vote "**For**" or "**Against**" with a tick [✓] within the box provided for each resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with a tick [✓] in the "**Abstain**" box provided in respect of that resolution.

Signed this _____ day of _____, 2023

Total Number of Shares held in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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

*Delete accordingly

IMPORTANT:

Please read the notes overleaf:



Notes:

1. Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act 1967 of Singapore (“**Companies Act**”), a member of the Company entitled to attend, speak and vote at the Annual General Meeting (“**AGM**”) is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two (2) proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
4. A member can appoint the Chairman of the AGM as his/ her/ its proxy, but this is not mandatory.
5. A proxy need not be a member of the Company.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its constitution and Section 179 of the Companies Act.
8. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) by post to the registered address of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058; or
 - (b) by sending a scanned PDF copy via email to the Company at mgt@brookcromptonholdings.com,in each case, by 2.00 p.m. on 22 April 2023, being not less than forty-eight (48) hours before the time set for holding the AGM.
9. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members 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 of the Company, 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.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
11. Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
12. For purposes of the appointment of a proxy(ies) and/ or representative(s), the member(s)’ and the proxy(ies)’ or representative(s)’ full name and full NRIC/passport number will be required for verification purposes, and the proxy(ies)’ or representative(s)’ NRIC/passport will need to be produced for sighting upon registration at the AGM. This is so as to ensure that only duly appointed proxy(ies)/representative(s) attend, speak and vote at the AGM. The Company reserves the right to refuse admittance to the AGM if the proxy(ies)’ or representative(s)’ identity cannot be verified accurately.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 and administration by the Company (or its agents or service providers) of proxies and representatives appointed 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 Annual General Meeting (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.

Steering Towards a Resilient Future

ANNUAL REPORT 2022



**BROOK
CROMPTON**
a WOLONG company

BROOK CROMPTON HOLDINGS LTD.
CO. REG. NO: 194700172G

19 Keppel Road #08-01, Jit Poh Building
Singapore 089058