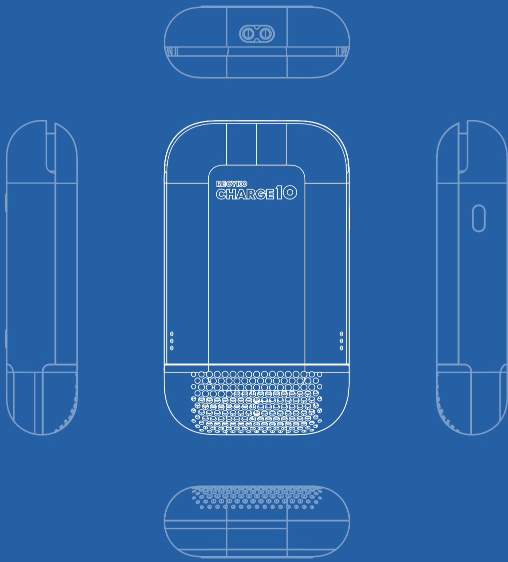
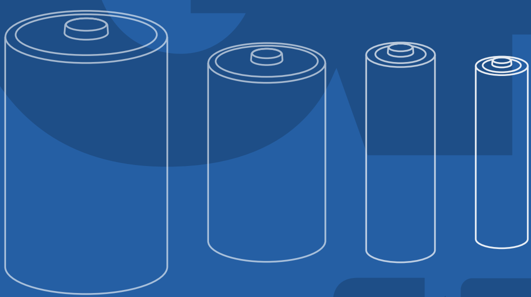
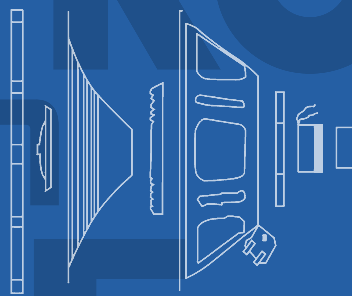
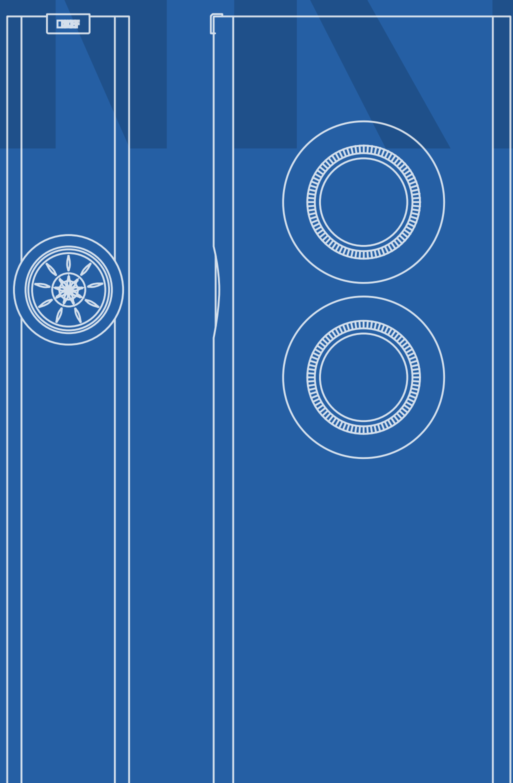
GP Industries Limited
Annual Report 2021 – 2022









Financial Calendar

Announcement of Half Year Results		12 November 2021
Announcement of Full Year Results		30 May 2022
Website Publication of Annual Report		14 July 2022
Annual General Meeting		29 July 2022
Dividends	Interim	Paid on 15 December 2021
	Final	Payable in August 2022

GP Industries Limited Annual Report 2021-2022

Content

Corporate Information

BOARD OF DIRECTORS

Executive

Victor LO Chung Wing I Chairman and Chief Executive Officer

LAM Hin Lap I Vice Chairman and Executive Vice President (appointed on 1 July 2021)

Brian LI Yiu Cheung I Executive Vice President

Waltery LAW Wang Chak I Chief Financial Officer and Chief Risk Officer

Grace LO Kit Yee (appointed on 1 July 2021)

Non-Executive Independent

LIM Ah Doo I Lead Independent Director

Allan CHOY Kam Wing

LIM Jiew Keng

GOH Boon Seong

Timothy TONG Wai Cheung

Christopher LAU Kwan

AUDIT AND RISK COMMITTEE

LIM Ah Doo I Chairman

Allan CHOY Kam Wing

LIM Jiew Keng

GOH Boon Seong

Timothy TONG Wai Cheung

Christopher LAU Kwan

NOMINATING COMMITTEE

LIM Jiew Keng I Chairman

Victor LO Chung Wing

LIM Ah Doo

Allan CHOY Kam Wing

GOH Boon Seong

LAM Hin Lap

Timothy TONG Wai Cheung

Christopher LAU Kwan

REMUNERATION COMMITTEE

Allan CHOY Kam Wing I Chairman

LIM Ah Doo

LIM Jiew Keng

GOH Boon Seong

Timothy TONG Wai Cheung

Christopher LAU Kwan

COMPANY SECRETARY

LEE Tiong Hock (appointed on 21 July 2021)

REGISTERED ADDRESS

3 Fusionopolis Link

#06-11 Nexus @one-north

Singapore 138543

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Fax : (65) 6395 0860

E-mail: gpind@gp-industries.com

Website: www.gp-industries.com

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

Keppel Bay Tower #14-07

Singapore 098632

AUDITORS

Deloitte & Touche LLP

6 Shenton Way

OUE Downtown 2 #33-00

Singapore 068809

Audit Partner-in-charge

ANG Poh Choo (appointed on 7 October 2020)

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited

DBS Bank Ltd

United Overseas Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

Bank of China Limited

SOLICITORS

Allen & Gledhill LLP

One Marina Boulevard

#28-00

Singapore 018989

Group Profile

GP INDUSTRIES

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

GP Batteries International Limited

- Primary specialty
- Primary cylindrical
- Rechargeable & others

Electronics & acoustics

Other industrial investments

The Company has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") since 1995. It is the main industrial investment vehicle of Hong Kong-listed Gold Peak Technology Group Limited (formerly known as Gold Peak Industries (Holdings) Limited) which currently owns an 85.59%* interest in the Company.

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

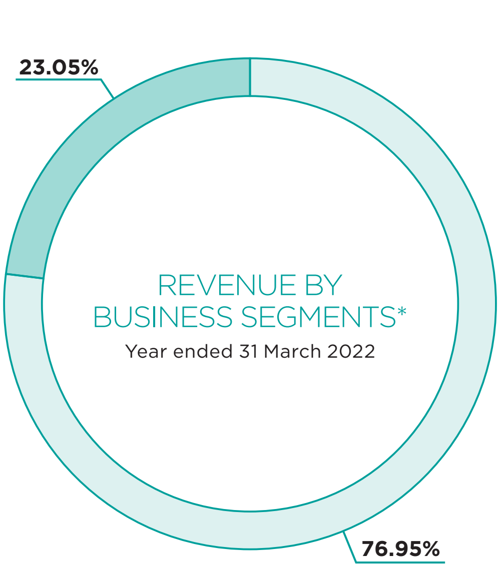
GP Industries is engaged in the development, manufacture and marketing of electronic and acoustic products.

The Group has a strong and extensive manufacturing and distribution network spanning over 10 countries. Excluding associates, the Group currently employs a work force of approximately 7,020 and occupies a total floor area of approximately 643,400 square metres.

* as at 28 June 2022

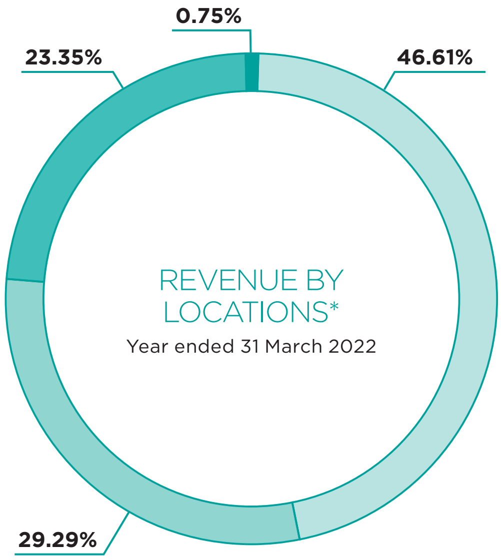
Financial Highlights

Consolidated Income Statement (S$ million) Year ended 31 March	**2022**	**2021**
Revenue - Continuing operations	**1,222.7**	1,148.5
Profit (Loss) after taxation		
- Continuing operations	**44.4**	41.0
- Discontinued operations	**(3.0)**	1.3
	41.4	42.3
Non-controlling interests	**(6.1)**	(10.6)
Profit attributable to equity holders	**35.3**	31.7
Basic earnings (loss) per share (cents)		
- Continuing operations	**7.92**	6.30
- Discontinued operations	**(0.63)**	0.25
	7.29	6.55
Tax-exempt (1-tier) dividend per share (cents)	**3.25**	-
Consolidated Statement of Financial Position (S$ million) As at 31 March		
Shareholders' funds	**467.6**	419.2
Total equity	**567.6**	510.4
Total assets	**1,526.9**	1,501.4
Ratios As at 31 March		
Current assets : Current liabilities	**0.91**	0.93
Inventory turnover period (months)	**2.50**	2.10
Net bank borrowings : Total equity	**0.66**	0.66
Other Information As at 31 March		
Number of employees (approx) - The Company and its subsidiaries	**7,020**	7,480
Total floor area (sq m) (approx) - The Company and its subsidiaries	**643,400**	419,760



76.95%
Batteries

23.05%
Electronics & acoustics

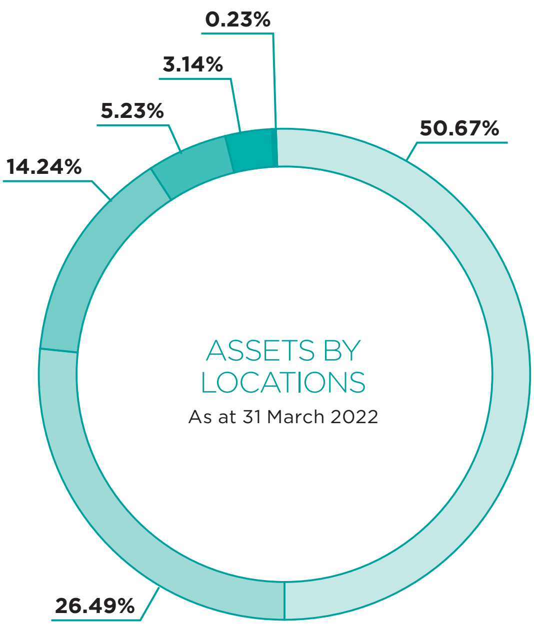


46.61%
Asia

23.35%
Americas

29.29%
Europe

0.75%
Others



50.67%
China

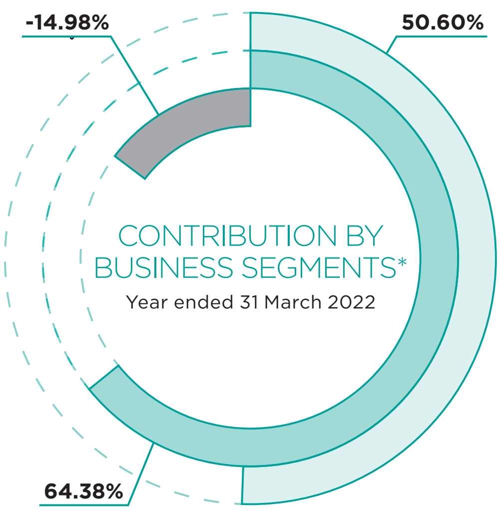
5.23%
Americas & others

26.49%
Hong Kong

3.14%
Europe

14.24%
Rest of Asia

0.23%
Singapore



64.38%
Electronics & acoustics

50.60%
Other industrial investments

-14.98%
Batteries

* Continuing operations only

Five-year Financial Summary

Consolidated Income Statement

Year ended 31 March

	2022 S$'000	2021 S$'000	2020 S$'000	2019 S$'000	2018 S$'000
Revenue - Continuing operations	**1,222,749**	1,148,508	1,026,581	1,126,588	1,054,875
Profit (Loss) after taxation					
- Continuing operations	**44,423**	41,035	27,085	43,029	30,552
- Discontinued operations	**(3,050)**	1,248	1,880	2,999	4,907
	41,373	42,283	28,965	46,028	35,459
Non-controlling interests	**(6,112)**	(10,563)	(9,499)	(16,871)	(12,233)
Profit attributable to equity holders	**35,261**	31,720	19,466	29,157	23,226

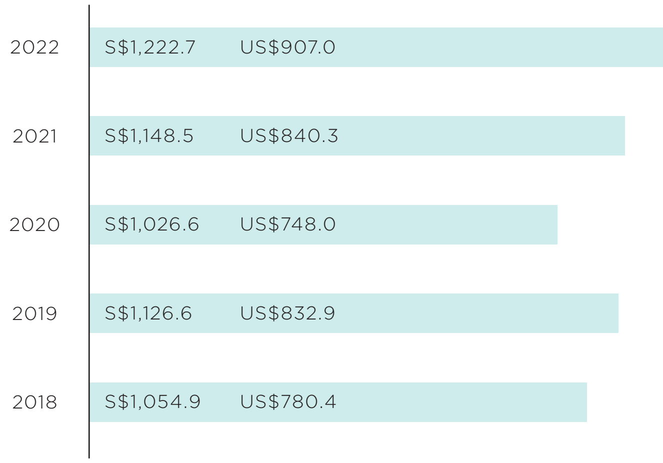
Consolidated Statement of Financial Position

As at 31 March

	2022 S$'000	2021 S$'000	2020 S$'000	2019 S$'000	2018 S$'000
Property, plant and equipment	**411,572**	386,321	336,061	273,864	291,119
Right-of-use assets	**47,749**	44,206	25,696	-	-
Interest in associates	**298,892**	304,316	270,887	251,568	244,589
Financial assets at fair value through other comprehensive income / Available-for-sale financial assets	**6,739**	1,968	2,496	3,665	9,783
Deposits and prepayments	**4,286**	5,843	3,879	1,451	1,627
Non-current receivables	**3,226**	14,924	15,318	-	-
Deferred tax assets	**5,937**	4,812	3,833	3,882	3,660
Intangible assets	**10,696**	12,551	13,660	13,165	16,913
Current assets	**737,769**	726,434	625,980	691,910	598,851
Total assets	**1,526,866**	1,501,375	1,297,810	1,239,505	1,166,542
Non-current liabilities	**152,310**	212,090	51,925	181,498	119,244
Current liabilities	**806,948**	778,910	777,350	602,709	586,941
Total liabilities	**959,258**	991,000	829,275	784,207	706,185
Net assets	**567,608**	510,375	468,535	455,298	460,357
Shareholders' funds	**467,560**	419,230	374,448	368,512	376,736
Non-controlling interests	**100,048**	91,145	94,087	86,786	83,621
Total equity	**567,608**	510,375	468,535	455,298	460,357

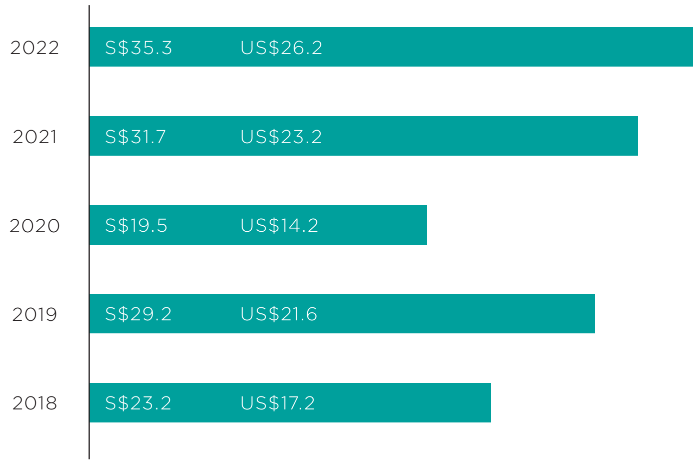
REVENUE - CONTINUING OPERATIONS

Year ended 31 March (million)



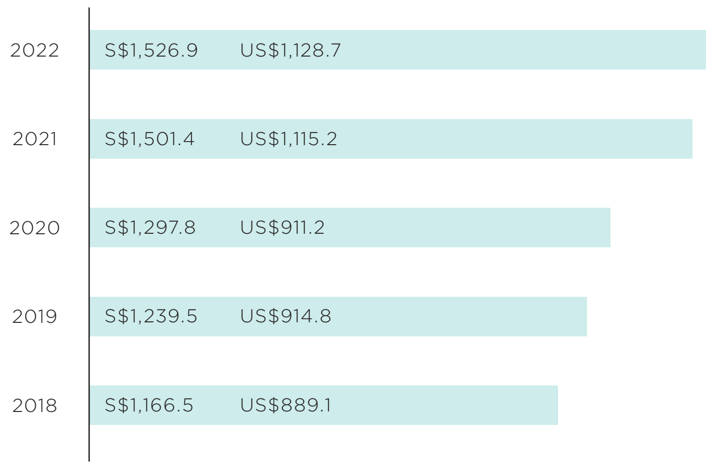
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

Year ended 31 March (million)



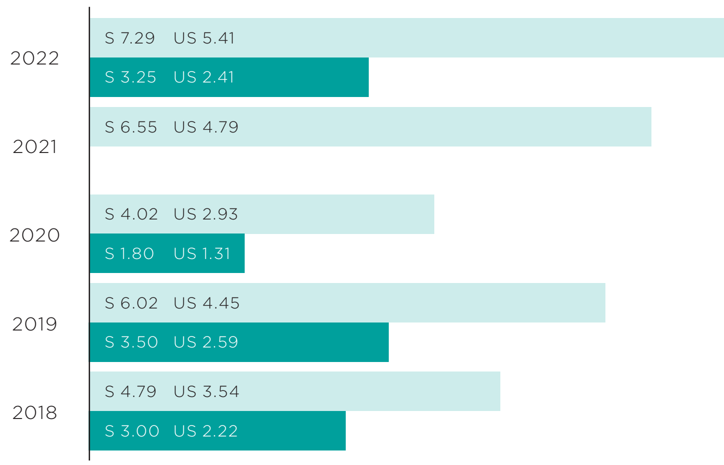
TOTAL ASSETS

As at 31 March (million)



EARNINGS PER SHARE & DIVIDENDS PER SHARE

Year ended 31 March (cents)



Earnings per share
Dividends per share

Chairman's Statement

The financial year which ended on 31 March 2022 ("FY2022") turned out to be another challenging year. The lockdown and travel restrictions imposed by most governments during the first half of the year affected consumer behavior and the market. Just as most governments started to re-open their markets in the second half of the financial year, supply shortages combined with an increase in consumer demand during the lockdown period led to rapid price increases for certain metals and electronic components. The pandemic also caused a global shipping capacity shortage and record-breaking shipping cost increase not seen in decades. These market disruptions together with high inflation rates and trade anomalies are still affecting the industry well into the new financial year.

The management prudently exercised cost control and took measures to best deal with these market challenges while maintaining supply to the market. We also continued the Group's strategy to invest in product innovation and technology to best compete in the difficult market. Our innovative wireless music systems received strong support from consumers and contributed to the respectable 38.9% growth of our Electronics and Acoustics Business for the financial year.

To maintain product supply with the parts and component supply shortage as well as inadequate global shipping capacity, the management chose to take on a higher level of safety stock to safeguard against supply shortages and to provide more agility to react to market conditions. This led to a higher inventory and higher working capital requirement for the Group.

Batteries Business maintained stable sales performance in the financial year. However, the gross profit margin was under pressure caused by dramatic increases in metal prices, especially with Nickel reaching a record high price in decades, and the rapid increases in the costs and shrunken capacity in global shipping.

The Group continued to rebalance its manufacturing capacity and have ongoing factory relocation projects in the Group's Huizhou and Ningbo factories. When completed in the first half of the new financial year ("FY2023"), the rebalanced manufacturing facilities will help maximize our productivity and competitiveness in the global market. Old factories vacated after manufacturing activities are moved to new facilities will become assets available for sales and contribute to strengthen the Group's balance sheet when sold.

The factory of the Electronics and Acoustics Business in Huizhou was also moved to a new factory, also in Huizhou, in May 2022 and the production capacity of the 51%-owned subsidiary in Thailand continued to expand in order to meet the demand for made-in-Thailand professional audio products.

During the year, the Group completed the disposal of the non-core Automotive Wire Harness Business. The disposal is part of our strategy to focus our resources and efforts on our core businesses.

Results

The Group reported a total revenue of S$1,223 million for FY2022, a 6.5% increase when compared to that of FY2021. Profit before taxation decreased by 6.5% to S$51.2 million.

Profit from continuing operations attributable to equity holders of the Company increased by S$7.8 million to S$38.3 million, or 25.7% over the profit last year. Including the net loss of S$3.05 million from the disposal of the Automotive Wire Harness Business, total profit attributable to equity holders of the Company increased from S$31.7 million for FY2021 to S$35.3 million for FY2022.

Based on the weighted average of 483,853,969 shares in issue, basic earnings per share for FY2022 was 7.29 Singapore cents, compared to 6.55 Singapore cents reported in FY2021. The Directors proposed a final dividend of 2.0 Singapore cents per share.

Outlook

The shortage and cost increases for a wide spectrum of materials and components plus record-high global shipping costs are expected to continue to affect the Group's business well into FY2023. The management is closely managing the Group's inventory level and working capital requirements to mitigate their impacts. Record high inflation and rising interest rates in key global economies may also affect consumer demand and further increase the Group's finance costs.

Gold Peak Industries (Holdings) Limited, the Hong Kong-listed company that holds the majority stake of GP Industries Limited, has recently changed its name to Gold Peak Technology Group Limited to reflect its increased focus on the development of new rechargeable battery technology and related B2B battery business. GP Industries will continue to focus on consumer business with its consumer Batteries Business and Electronics and Acoustics Business. We believe this new strategy will enable both listed companies to better focus their resources and expertise.

The new KEF premium active wireless music systems received very strong response from the market. The success was the result of our extensive investments in acoustic technology innovation and product innovation driven by our aspiration to make high-fidelity sound accessible to all music lovers.

We are also investing into the development of new materials to improve the performance of our battery products. During the year, we launched the Recyko Charge 10, the world's fastest Nickel Metal Hydride rechargeable battery system, and the new Recyko Pro, the world's fastest photo-flash battery. We will continue to invest into technology and product innovation to provide better sound and portable power solutions for consumers in the effort to maintain our leadership position in the market.

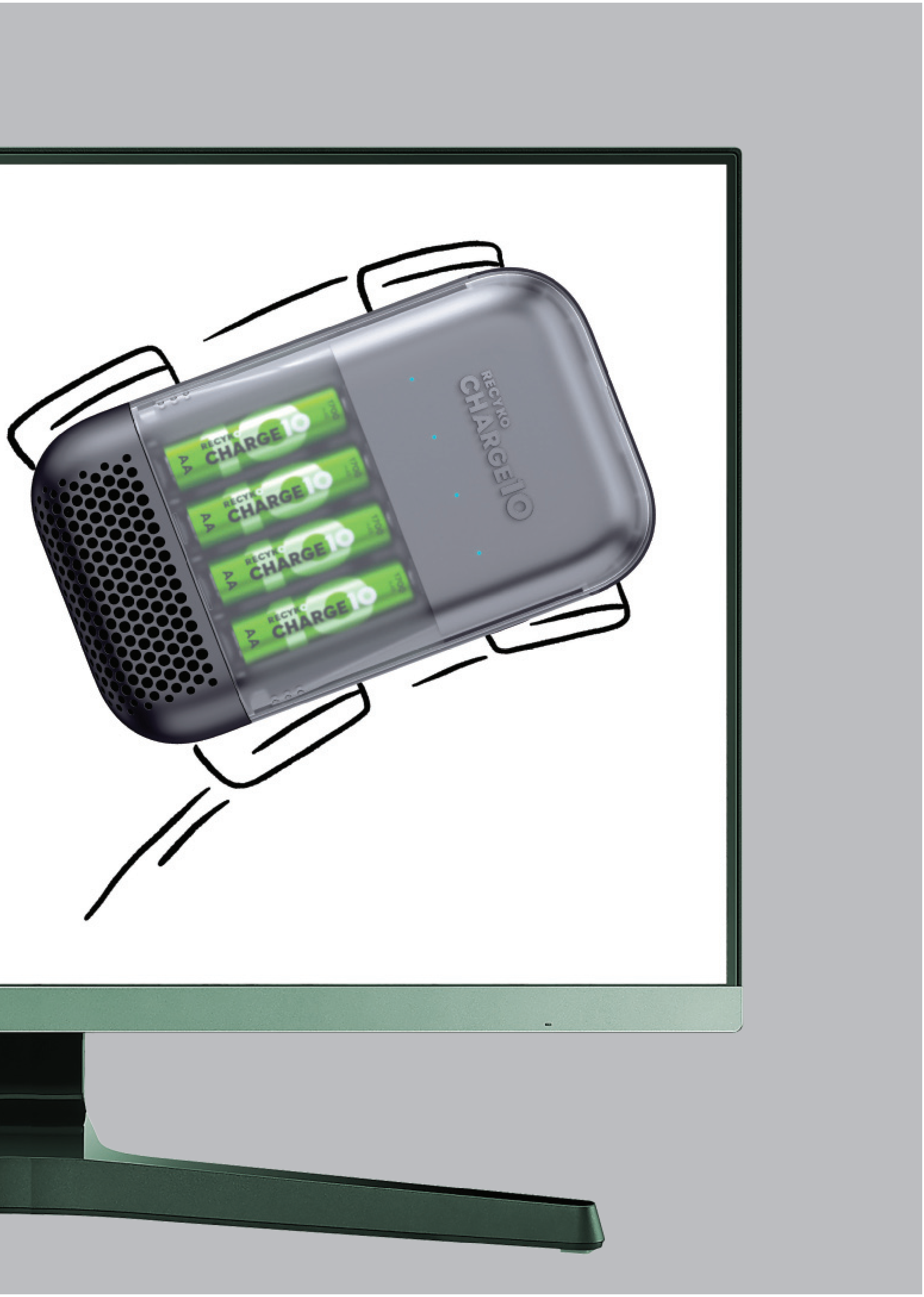
Sustainability remains one of our top priorities. Apart from moving towards greener operations such as "Zero Waste to Landfill" for our battery manufacturing plants, we are walking extra miles to reduce waste for our consumers. The Group is moving into using plastic-free battery packaging and recyclable materials. Our effort in producing more efficient and convenient rechargeable battery systems is an important initiative to promote reusable batteries. One Recyko rechargeable battery could replace up to a thousand single-use batteries. We will continue to embed sustainability in our corporate DNA and strive to contribute towards a greener tomorrow.

Vote of thanks

The Group would not have managed the many difficult challenges of COVID-19 without the concerted efforts of our management team and employees. Some of our expatriate employees have not been able to return home for over 2 years due to regional lockdowns or quarantine measures and to whom I wish to express our sincere gratitude on behalf of the Board. I would also like to thank my fellow Board members and management team for their dedication and devotion and our customers, suppliers, shareholders and bankers for their unswerving trust and support during this tough period. I am certain, with our joint efforts, the Group will navigate through the continual challenges.

Victor LO Chung Wing
Chairman and Chief Executive Officer
28 June 2022


RECYKO
CHARGE 10
World's
Fastest
Charger*
......just 10 mins!
GP
Reduce waste.
Save money.


RECYKO
CHARGE10
RECYKO
CHARGE
AA

Review of Operations

FY2022 was most challenging from an operations perspective. The market demand for consumer products was bouyant but the lingering COVID-19 pandemic and related lockdowns, supply shortages of some raw materials and many electronic components together with shortage in logistics capacity and shipping capacity all led to unprecedented rapid price increases which disrupted the consumer market.

Other operating income increased by S$29.6 million to S$48.7 million due mainly to write-back of excess provision for restructuring of the Electronics and Acoustics Business relating to its factory relocation, and disposal gain together with compensation income of the Batteries Business.

Other operating expenses increased by S$14.1 million to S$37.1 million in FY2022, due mainly to the impairment charges for the business in Russia and the cost of relocating the factories of the Batteries Business from Huizhou to Dongguan, China, despite a decrease in exchange losses and other impairment charges.

Batteries Business

The revenue of the Batteries Business for FY2022 was S$940.9 million, a decrease of 0.5% when compared to FY2021. Sales of primary batteries declined by 1.1%, with sales of Alkaline cylindrical batteries remaining stable while sales of Carbon Zinc cylindrical batteries and all types of 9-volt batteries dropped. Sales of rechargeable batteries increased by 0.7%, with a slight increase in sales of Nickel Metal Hydride ("NiMH") rechargeable batteries while sales of the customized Lithium rechargeable batteries declined.

In terms of geographical markets, sales to Europe and Asia remained strong with increase in sales of 3.4% and 2.5% respectively. However, sales to the Americas softened and revenue therefrom declined by 10.1%.

Gross profit margin of the Batteries Business has been affected by the rapidly increasing material costs. In particular, the profit margin of the rechargeable batteries manufacturing business was significantly impacted by the rising price of Nickel and other metals used; Nickel price once surged to the highest price not seen in the last decade. Although the management worked closely with customers to raise product prices, the time delay needed for detail discussions with customers to get their support resulted in reduced gross profit margin recorded for FY2022. Disruptions to global shipping and the dramatic increase in global shipping costs also continued to cause significant shipment delays, shipping cost increases, and sizeable increase to the working capital requirement of the Batteries Business.

In the financial year, the Group introduced the world's fastest rechargeable NiMH consumer battery system which can fully recharge an AA size battery in 10 minutes and received strong market reception, especially in the more advanced, environmentally friendly consumer markets. However, the margin for the NiMH rechargeable batteries business was seriously eroded by the rapid price increases in various metals used in the battery. As a result, the management decided to selectively put market support to core markets for NiMH batteries and reduce participation in low margin NiMH businesses.

Despite a relatively stable turnover, the drop in gross profit margin reduced operating profit contribution from the Batteries Business.

During FY2022, the Group made a S$14.1 million impairment on the investment in Russia-based businesses and in allowance for credit loss against the receivables therefrom, which represented a full provision against the investment and approximately 52% of the unsettled receivables in Russia.

The associates of the Batteries Business contributed less profit in FY2022. The associate which manufactures Carbon Zinc cylindrical batteries suffered a loss due mainly to a decline in revenue and increases in material costs. STL Technology Co., Ltd ("STL"), which is principally engaged in the design, manufacturing and sales of battery packs for power tools, energy storage systems and light electric vehicles contributed a loss despite an increase in revenue. Aggregate profit contribution from other associates of the Batteries Business decreased.

During FY2022, the Group made good progress in rebalancing its manufacturing facilities. The relocation of the Carbon Zinc 9-volt primary batteries manufacturing facilities from Huizhou, China to the new campus located at Xiegang, Dongguan, China was completed during FY2022. The relocation of the NiMH rechargeable batteries manufacturing facilities, also to the Xiegang campus, has started during FY2022 and is expected to complete during the first half of the financial year ending 31 March 2023 ("FY2023"). In Ningbo, the 70%-owned subsidiary, Zhongyin (Ningbo) Battery Co Ltd ("ZYNB") has started relocating its facilities from the current site to the new campus. Due to its large scale of operation, most of the relocation project is expected to complete by the end of FY2023.


reddot winner 2022



WHAT HI-FI?
KEF LS60 Wireless
05/2022

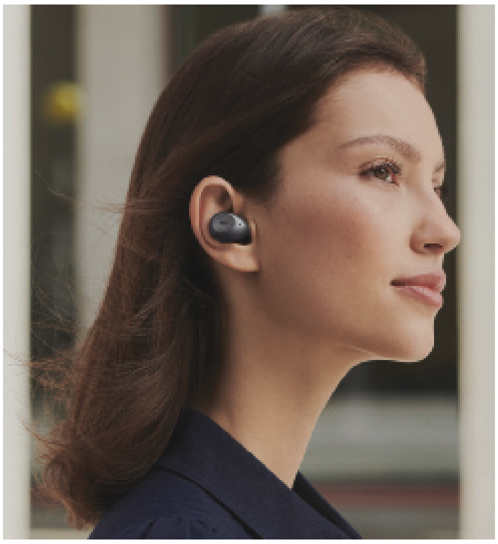
Arising from the relocation of operations from Huizhou to Xiegang, Dongguan, a S$12.7 million cost was incurred, comprised mainly severance payment to employees in accordance with the Labor Laws in China, while an S$8.2 million disposal gain was reported during FY2022.

During FY2022, ZYNB reported a compensation income of S$6.7 million for a portion of the factory buildings in the existing campus returned to the government and costs incurred in relocating the affected operations, and an over-provision of relocation costs of S$4.2 million.

The combined effects of the reduced operating profit due to tightened gross profit margin, a decrease in share of profit of associates and the impairment loss related to the Russian business resulted in a decline in total profit contribution from the Batteries Business, despite the factory relocations in Huizhou and Ningbo contributed a small net non-operating income.

During FY2022, the Group initiated a review of the strategic direction of the Batteries Business. On 28 December 2021, the Group announced a proposed distribution *in-specie* of the rechargeable batteries manufacturing business to the shareholders of the Company (the "Proposed Distribution"). The Proposed Distribution is subject to, *inter alia*, internal restructuring of the rechargeable batteries manufacturing business. Management expects the Proposed Distribution to be completed in the second half of FY2023.

Subsequent to 31 March 2022, the Group divested the majority of its investment in STL, the shares of which are traded on the Taipei Exchange, through on-market disposals in the period from April to June 2022 for an aggregate cash consideration of approximately S$24.6 million.



Electronics and Acoustics Business

The revenue of the Electronics and Acoustics Business for FY2022 was S$281.8 million, a 38.9% increase when compared to the revenue reported in FY2021 with strong growth in both the professional audio manufacturing business and the branded acoustics business.

The professional audio manufacturing business reported a 37.9% increase in revenue in FY2022 with increased sales to all major geographical markets, including a 52.8% increase to the Americas. The increase was mainly driven by the recovery of the professional audio business as key global markets started to reopen with the pandemic gradually subsiding in these markets.

Production at the 51%-owned subsidiary in Thailand increased during FY2022 to meet the increased demand for made-in-Thailand professional audio products. Management expects its manufacturing facilities in Thailand will become one of the competitive advantages of the professional audio manufacturing business over its China-based competitors if the US-imposed additional import tariffs on made-in-China electronics products will continue to remain in effect.

Sales of KEF products increased by 37.1% in FY2022, with increases across all major geographical markets. KEF reported 49.4%, 23.8% and 37.6% revenue growth in the Americas, Europe and Asia, respectively. Improved brand recognition, a strong product portfolio and innovative new products contributed to the strong revenue growth.

The Celestion brand professional speaker driver business also reported a 51.6% revenue growth, as a result of a 66.3% and a 58.1% increase in sales to

the Americas and Asia, respectively. The increases were also mainly driven by a recovery of the professional audio market after COVID-19 started to subside in these markets.

The relocation of the manufacturing facilities of the Electronics and Acoustics Business to the new location at Dongjiang Industrial Park in Huizhou, China was completed in May 2022. Due to the proximity of the old and new factories, the costs incurred for the relocation project were less than originally estimated. Accordingly, the Group wrote back a S$13.1 million restructuring provision in FY2022.

Strong revenue growth, write-back of excess restructuring provision and an increase in aggregate share of profit from associated companies resulted in a significant increase in profit contribution from the Electronics and Acoustics Business.

During FY2022, the professional audio manufacturing business received the "2021 Collaboration Award" from one of its globally renowned customers, Fender Musical Instrument Corporation for its outstanding supply performance during the period of electronic component supply shortage. KEF also received numerous awards from the music industry from the innovative technology and products it introduced, including “Product of the Year” awards from What Hi-Fi? Magazine and “Best Product of the Year” award from EISA.

During the year, the Group maintained a higher level of inventory for this business segment to support the strong sales and to prepare for the launch of new KEF products such as LS60 Wireless music system in the first quarter of FY2023, and to safeguard against the global supply shortages of critical electronic components and reduced global shipping capacity. While this strategy helped support the revenue growth achieved, it also required a significantly higher working capital for the business.

Other Industrial Investments

This business segment includes the Group’s investments in Meiloon Industrial Co., Ltd. (“Meiloon”) and XIC Innovation Limited (“XIC Innovation”, formerly known as Linkz Industries Limited). During FY2022, Meiloon reported an increase in revenue but contributed less profit, as the FY2021 results included a property disposal gain.

During FY2022, XIC Innovation disposed of its entire interest in its 63.58%-owned subsidiary, Time Interconnect Technology Limited, and profit contribution increased due to the disposal gain. XIC Innovation also paid to its shareholders a special dividend, of which the Company’s entitlement was S$28.4 million. XIC Innovation has proposed to acquire a light emitting diode (“LED”) business, which is subject to approval by the shareholders of the Company pursuant to the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited. Before XIC Innovation completes its acquisition of the LED business, profit contribution from XIC Innovation is expected to remain relatively insignificant.

Outlook

The Batteries Business is expected to continue to be affected by material supply disruptions and steep cost increases. On the other hand, stabilizing sea freight rates might help slow down shipping interruptions but the much higher than normal shipping costs are expected to remain for a while. The project to rebalance the Group's manufacturing facilities is expected to substantially complete in FY2023 and the productivity improvements from better economy of scale and reduced redundant operations are expected to gradually improve the competitiveness of the Group's businesses. In addition, upon completion of the Proposed Distribution, the Batteries Business will focus on manufacturing consumer batteries and marketing its own GP brand battery products for the consumer market.

The Electronics and Acoustics Business is expected to continue its revenue growth trajectory supported by one of the strongest product portfolios in the market and the introduction of new products. Yet, rapid inflation in key markets and re-opening of key global economies after COVID may deter consumers' discretionary spending on products and slow down revenue growth. Component supply shortages and global shipping capacity shortages are expected to continue and this will affect the Group's ability in supplying products to meet market demands.

The Group's investment in product innovation, brand building and distribution capabilities contributed to the impressive growth of KEF's revenue over the past few years which enhanced the Group's resilience against the adverse effects of rapid cost increases and fluctuations in market demands.

Rising interest rates and tightening money supply may dampen consumer demand in some of the Group's key markets. The proceeds from divestment of STL will strengthen the Group's financial position to meet the challenges ahead. With the relocation of ZYNB's operations to the new factory site completed by the end of FY2023, the existing factory site will be disposed of and the proceeds will generate more fundings for the Group's deleveraging program.

Michael Lam

LAM Hin Lap
Vice Chairman & Executive Vice President
28 June 2022

Board of Directors and Senior Management

EXECUTIVE DIRECTORS

Victor LO Chung Wing

Aged 72, appointed the Chairman and an Executive Director since 18 October 1995. He was appointed a member of the Nominating Committee on 28 August 2002 and Chief Executive Officer on 3 February 2016.

Mr Lo is also the Chairman and Chief Executive of Hong Kong-listed Gold Peak Technology Group Limited and the Chairman and Chief Executive Officer of GP Batteries International Limited.

Mr Lo is a member of the board of directors of Hong Kong Design Centre and a director of PMQ Management Company Limited, a non-profit-making organization for the promotion of creative industries in Hong Kong.

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

LAM Hin Lap

Aged 61, appointed an Executive Director since 1 October 2016. He is currently the Vice Chairman and Executive Vice President of the Company.

Mr Lam is also an Executive Director and the Managing Director of Gold Peak Technology Group Limited. In addition, he is a Director of GP Batteries International Limited.

Mr Lam first joined Gold Peak Technology Group in 2001 and was transferred to a global energy management group following the disposal of the Group's electrical business in 2007. He re-joined the Group in 2014. He has held senior management positions for over 20 years.

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

Brian LI Yiu Cheung

Aged 69, appointed an Executive Director since 18 October 1995. He is currently the Executive Vice President of the Company.

Dr Li is also an Executive Director as well as the Vice Chairman and Executive Vice President of Gold Peak Technology Group Limited.

Dr Li has been engaging in the electronic engineering and manufacturing industry internationally and in China for over 35 years. He is the vice chairman of the Hong Kong Electronic Industries Association, and a council member of the Hong Kong Electronics Industry Council of the Federation of Hong Kong Industries.

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

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

Waltery LAW Wang Chak

Aged 59, appointed an Executive Director since 1 April 2019. He is currently the Chief Financial Officer, Chief Risk Officer and Senior Vice President, Finance and Corporate Development of the Company.

Mr Law is also an Executive Director and the Senior Vice President, Group Finance Management of Gold Peak Technology Group Limited.

Mr Law has over 35 years of experience in global fund raising and floatation exercises, mergers and acquisitions, corporate financial advisory, corporate restructuring, investors relations, financial due diligence, and financial audit.

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

Grace LO Kit Yee

Aged 51, appointed an Executive Director since 1 July 2021. She is currently the President of KEF Audio Group under GP Acoustics International Limited. She is also Deputy Managing Director of Gold Peak Technology Group Limited.

Ms Lo graduated from the Northwestern University, US and holds a Master of Design degree from Institute of Design of Illinois Institute of Technology, US as well as an MBA degree from The Hong Kong University of Science and Technology. She is the daughter of Mr Victor LO Chung Wing.

NON-EXECUTIVE INDEPENDENT DIRECTORS

LIM Ah Doo

Aged 73, appointed a Non-Executive Independent Director since 15 May 1997 and the Lead Independent Director since 14 August 2013. He has been Chairman of the Audit and Risk Committee since 2 January 1998 and was appointed a member of both the Nominating and Remuneration Committees on 28 August 2002.

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

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

Allan CHOY Kam Wing

Aged 78, appointed a Non-Executive Independent Director since 1 October 2012 and was appointed a member of the Audit and Risk, Nominating and Remuneration Committees on the same date. He was appointed Chairman of the Remuneration Committee on 31 July 2013.

Mr Choy has more than 50 years' experience in the electronics and battery industries. He was an Executive Director of the Company from 1997 to 1998, and Chief Operating Officer of GP Batteries International Limited from 2005 to 2007 and its Non-Executive Independent Director from 2011 to January 2018. Mr Choy held senior management positions in multinational corporations including regional (Asia Pacific) chief executive officer of Varta Batteries Germany and regional (Asia Pacific) chief executive officer of BCcomponents International B.V. (formerly Philips Passive Components).

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

LIM Jiew Keng

Aged 82, appointed a Non-Executive Independent Director since 1 January 2018. He was appointed a member of both the Nominating Committee and Remuneration Committee on the same date. He was appointed a member of the Audit and Risk Committee on 1 January 2020 and Chairman of the Nominating Committee on 25 March 2020.

Mr Lim has had extensive experience in the financial and banking industry, having worked during the 1970s and 1980s in senior management positions in Chase Manhattan Bank, Singapore, Chase Investment Bank (S) Pte Ltd and Banque Paribas Singapore. He had been an advisor to Vickers Ballas Holdings Ltd for 5 years in the mid-1990s. He had been an independent non-executive director of several SGX-listed companies for 30 years.

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

Board of Directors and Senior Management (cont'd)

NON-EXECUTIVE INDEPENDENT DIRECTORS (CONT'D)

GOH Boon Seong

Aged 68, appointed a Non-Executive Independent Director since 1 January 2018. He was appointed a member of both the Nominating Committee and Remuneration Committee on the same date. He was appointed a member of the Audit and Risk Committee on 1 January 2020.

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

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

Timothy TONG Wai Cheung

Aged 69, appointed a Non-Executive Independent Director since 1 April 2020. He was appointed a member of the Audit and Risk, Nominating and Remuneration Committees on the same date.

Professor Tong has also been appointed an Independent Non-Executive Director of Gold Peak Technology Group Limited since 1 April 2019.

Professor Tong is a non-executive director of Freetech Road Recycling Technology (Holdings) Limited and an independent non-executive director of Xiaomi Corporation, Gravitation Fintech HK Limited and Airstar Bank Limited. He is currently the chief executive officer of AMTD Foundation and chairman of AMTD Digital Inc. The former is a charity organization created to assist AMTD Group in fulfilling its corporate social responsibility. Being an expert in the field of heat transfer, Professor Tong is dedicated to addressing issues concerning energy use and sustainable development. He is a fellow of the American Society of Mechanical Engineers, the Hong Kong Academy of Engineering Sciences and the International Thermal Conductivity Conference. Professor Tong has over 30 years of teaching, research and administrative experience in universities in the US and Hong Kong. Prior to serving as president of The Hong Kong Polytechnic University from 2009 to 2018, he was the dean of the School of Engineering and Applied Science at The George Washington University, US.

Professor Tong's public engagement includes serving as the chairman of the Council of Hong Kong Laureate Forum; and a member of the InnoHK Steering Committee, the Global STEM Professorship Scheme Assessment Panel and the Hong Kong Federation of the Youth Groups. In addition, he has been a member of the Chinese People's Political Consultative Conference of China since 2013. Professor Tong received his Bachelor of Science in Mechanical Engineering from Oregon State University, US, and Master of Science and PhD in the same discipline from the University of California, Berkeley, US.

Christopher LAU Kwan

Aged 42, appointed a Non-Executive Independent Director since 1 April 2020. He was appointed a member of the Audit and Risk, Nominating and Remuneration Committees on the same date.

Mr Lau is currently managing director and co-founder of XK Capital Limited. Prior to this, he was the group assistant managing director and head of Greater China Region of Cargo Services Group from April 2018 to March 2021. He was also a co-founder and a non-executive director of the Australia-listed eCargo Holdings Limited. He has been holding senior positions in cargo, logistics and e-commerce industries for more than 15 years.

Mr Lau is a member of the 14th Nanjing Political Consultative Conference of China, vice-chair of the Youth Affairs Committee in the HKCPPCC (Provincial) Members Association, a director of the 35th board of The Hong Kong Chinese Importers' & Exporters' Association, vice-president of the Nanjing (H.K.) Association, and vice-chair of the Programme and Fundraising Committee at The Dragon Foundation. He has also been an honorary court member of Hong Kong Baptist University since 2012. He is a current member of The Young President's Organization and The Entrepreneur's Organization. He holds a Bachelor's degree in Accounting and Finance from the Stern School of Business, New York University, US.

SENIOR MANAGEMENT

Ricky CHEUNG Siu Bun

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

Victor CHONG Toong Ying

Joined Gold Peak Technology Group in 2016 and is currently Executive Director of Gold Peak Technology Group Limited. He is also Director, Co-Vice Chairman and President of GP Batteries International Limited. He has over 30 years' working experience in electrical energy management, and has held senior management positions in strategic leadership and international operation and business development covering China, Asia Pacific, Europe and the Middle East. Mr Chong is a member of Australian Institute of Company Directors and The Singapore Chamber of Commerce (Hong Kong). He holds a Bachelor's degree in Electrical Engineering from Royal Melbourne Institute of Technology, Australia.

Jeroen HOOGLAND

Joined the Group in 2016 and is currently Senior Vice President and General Manager, Consumer Brands, Europe of GP Global Marketing Limited. He has over 25 years' experience in various sales, marketing and general management positions in lifestyle entertainment, consumer electronics, personal care and car systems businesses. He holds a Master of Science degree in Business Administration from University of Groningen, Netherlands.

Richard KU Yuk Hing

Joined Gold Peak Technology Group in 1978. He is currently Co-Vice Chairman of GP Batteries International Limited. He has over 40 years' experience in international marketing in the battery industry. He holds a Bachelor of Science degree in Economics from the Sophia University, Japan.

Charlton KWONG Yiu Cheung

Joined Gold Peak Technology Group in 2017 and is currently Director and Executive Vice President of GP Batteries International Limited. He has over 30 years' experience in global business and industrial operation management. He holds a Bachelor's degree in Mechanical Engineering from University of Sunderland, UK and an MBA degree from City University of Hong Kong.

LEUNG Chi Cheong

Joined the Group in 1984 and is currently General Manager of GP Electronics (Huizhou) Co., Ltd. He has over 50 years' experience in factory management, of which over 25 years were in senior positions. He holds a Bachelor's degree in Business Administration and an MBA degree, both from Hong Kong Metropolitan University (formerly The Open University of Hong Kong).

Boris LO Chi Yuen

Joined the Group in 2003 and is currently Group Financial Controller, Electronics Manufacturing Business of GP Electronics (HK) Limited. He is a fellow of The Association of Chartered Certified Accountants of the UK. He holds a Bachelor's degree of Social Sciences majoring in Economics and Management Studies from The University of Hong Kong and a Professional Diploma in Accounting and Auditing in China from Zhongshan University (also known as Sun Yat-sen University), China. He also possesses Master's degrees of Science in Finance from City University of Hong Kong and in eBusiness Management with Dean's Honour from The Chinese University of Hong Kong.

NG Pui Jeng

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

Manfred TING Siu Man

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

William WANG Jian Hao

Joined Gold Peak Technology Group in 1983 and is currently General Manager of Zhongyin (Ningbo) Battery Co. Ltd under GP Batteries International Limited. He holds an Associate degree in Mechanics from Zhejiang Radio and Television University, China and a Bachelor's degree in Law from China University of Geosciences, Wuhan, China.

Brian WONG Tze Hang

Joined Gold Peak Technology Group in 1993 and is currently an Executive Director and Chief Financial Officer of Gold Peak Technology Group Limited. He is also a Director of GP Batteries International Limited. He has over 35 years' experience in the finance and accounting field and is a fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the UK. He holds a Bachelor of Laws degree from the University of London, UK.

WU Yang

Joined Gold Peak Technology Group in 1995 and is currently General Manager of GP Electronics & Acoustics Co., Ltd in Thailand. He received his Bachelor's degree in Semiconductor Physics and Devices and Master's degree in Industrial Engineering, both from South China University of Technology, China. He also holds a doctoral degree in Business Administration from Toulouse Business School, France.

Richard YEW Cheng Teik

Joined Gold Peak Technology Group in 2014 and is currently Director, Executive Vice President and Head of Manufacturing of GP Batteries International Limited. He has over 30 years' experience and has held senior management positions in multinational industrial companies in Asia. He holds a Bachelor of Science degree in Electrical Engineering from University of Arkansas, US and an MBA degree from Janus University (formerly Newport University), US.

Events and Achievements

On 28 December 2021, the Company announced the proposed distribution in-specie of the rechargeable batteries manufacturing business (the "Proposed Distribution"). The Proposed Distribution is conditional, inter alia, on the completion of the restructuring of the rechargeable batteries manufacturing business, which is still in progress.

Batteries

GP Batteries and Southern University of Science & Technology, Shenzhen, China, established a joint laboratory in September 2021 to develop advanced materials for upgrading the GP Lithium-Ion battery products.

GP Batteries and three factories in China were named "5 Years+ EcoPioneer", "EcoPartner" or "EcoChallenger" of the BOCHK Corporate Environmental Leadership Awards by Federation of Hong Kong Industries to recognize their contribution and effort in environmental protection and minimizing pollution in the Pan Pearl River Delta region.

Four plants in Malaysia and Vietnam received Gold Validation and one plant in China obtained Silver Validation in UL Zero Waste to Landfill programme to acknowledge their efforts and achievements in maximizing production waste diversion and energy recovery as well as their ongoing commitment to sustainable development.

GP M2 Series PowerBank was presented the "Red Dot Award: Product Design 2022" by Red Dot Design Museum, Germany.

Electronics and Acoustics

GP Electronics (HK) Limited was presented the "2021 Collaboration Award" by Fender Musical Instruments Corporation to recognize its initiative and swift action made to redesign the products to maintain product supply under the worldwide material shortages.

KEF LS50 Wireless II was named "Product of the year 2021 – Best All-in-One System over £1000" and "Best Product 2021-2022: Wireless Standmount Loudspeakers" by What Hi-Fi? Sound & Vision, UK and EISA, UK respectively. LS50 Wireless II has also gained a number of awards in Europe, US, Australia and Japan.

KEF LS50 Meta loudspeaker was named "Product of the year 2021 – Best Standmount Speaker £750-£1500" and "Best Product 2021-2022: Standmount Loudspeakers" by What Hi-Fi? Sound & Vision, UK and EISA, UK respectively.

KEF KC62 subwoofer was named "Best Product 2021-2022: Hi-Fi Subwoofer" by EISA, UK. It was presented a number of awards in Europe, US and Australia.

KEF Music Studio, the second KEF store in Hong Kong, was officially opened in July 2021, offering customers more opportunities to experience KEF high-fidelity audio in person.

Directors' Statement

The directors of GP Industries Limited (the "Company") present their statement together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2022.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 36 to 130 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. Directors

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

Executive:

Victor Lo Chung Wing, Chairman and Chief Executive Officer
Lam Hin Lap, Vice Chairman and Executive Vice President
(appointed Vice Chairman and Executive Vice President on 1 July 2021)
Brian Li Yiu Cheung, Executive Vice President
Waltery Law Wang Chak, Chief Financial Officer and Chief Risk Officer
Grace Lo Kit Yee (appointed on 1 July 2021)

Non-Executive Independent:

Lim Ah Doo, Lead Independent Director
Allan Choy Kam Wing
Lim Jiew Keng
Goh Boon Seong
Timothy Tong Wai Cheung
Christopher Lau Kwan

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

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

3. Directors' interest in shares and debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967, the undermentioned persons who were directors of the Company as at 31 March 2022 had interest in shares of the Company and the Company's ultimate holding company, Gold Peak Technology Group Limited ("Gold Peak", formerly known as Gold Peak Industries (Holdings) Limited), as detailed below:

	Shareholdings registered in the name of director			Shareholdings in which director is deemed to have an interest		
Name of director	At beginning of financial year or date of appointment	At end of financial year	At 21 April 2022	At beginning of financial year	At end of financial year	At 21 April 2022
Interest in the Company's ordinary shares						
Victor Lo Chung Wing	300,000	300,000	300,000	414,098,443	414,098,443	414,098,443
Brian Li Yiu Cheung	1,465,000	1,465,000	1,465,000	-	-	-
Waltery Law Wang Chak	116,400	116,400	116,400	-	-	-
Lim Ah Doo	300,000	300,000	300,000	-	-	-
Interest in Gold Peak's ordinary shares						
Victor Lo Chung Wing	199,415,289	238,441,685	238,441,685	-	-	-
Brian Li Yiu Cheung	300,000	350,000	350,000	-	-	-
Waltery Law Wang Chak	354,000	1,995,132	1,995,132	-	-	-
Grace Lo Kit Yee	25,048	25,048	25,048	-	-	-
Christopher Lau Kwan	538,416	2,304,416	2,304,416	-	-	-

By virtue of Section 7 of the Singapore Companies Act 1967, Mr Victor Lo Chung Wing is deemed to have interests in the shares of all of the Company's related corporations as he is interested in more than 20% in the issued shares of Gold Peak.

4. Share options

a) During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

b) During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

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

5. Audit and Risk Committee

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, including a review of the financial statements of the Company and of the Group for the financial year and the auditor's report thereon before their submission to the directors of the Company. In addition, the Audit and Risk Committee also provided oversight that management has created and maintained an effective risk management and control environment in the Company and there is a sound internal controls system and risk management practices in the Company.

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

Lim Ah Doo, Non-Executive Independent Director
Allan Choy Kam Wing, Non-Executive Independent Director
Lim Jiew Keng, Non-Executive Independent Director
Goh Boon Seong, Non-Executive Independent Director
Timothy Tong Wai Cheung, Non-Executive Independent Director
Christopher Lau Kwan, Non-Executive Independent Director

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

a) the annual audit plan and report of the external auditors;

b) the results of the internal auditors' examination of the Group's systems of internal accounting controls;

c) the internal audit plans and results of internal audits as well as management's responses to the recommendations of the internal auditors;

d) the Group's financial results and accounting policies;

e) the Group's half-yearly and full year results, the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors for approval for public announcements in respect of such results and related results announcement;

f) the effectiveness of financial, operational, compliance and information technology controls;

g) the Group's interested person transactions;

h) non-audit services performed by the external auditors to ensure that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before recommending to the Board of Directors, subject to shareholders' approval, the re-appointment of the Company's external auditors; and

i) the co-operation and assistance given by the management to the internal and external auditors.

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

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

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

6. Auditors

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

On behalf of the Board of Directors

Victor Lo Chung Wing
Chairman and Chief Executive Officer

Lam Hin Lap
Vice Chairman and Executive Vice President

28 June 2022

Independent Auditor's Report

TO THE MEMBERS OF GP INDUSTRIES LIMITED
For the financial year ended 31 March 2022

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GP Industries Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 36 to 130.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

We identified the following key audit matters:

Key Audit Matters

a) *Impairment assessment on interest in an associate and expected credit loss ("ECL") on trade and other receivables due from the associate*

The Group has an equity investment in an associate, AZ Limited ("Associate") as well as trade and other receivables due from the Associate.

The Associate is engaged in marketing and trading of battery related products in Russia.

As at 31 March 2022, the gross carrying amounts of the Group's interest in the Associate and the trade and other receivables due from the Associate was S$10.4 million and S$10.8 million respectively. The Group considers that as at 31 March 2022, there was an indication of impairment of the Group's interest in the Associate and that there was a significant increase in credit risk in respect of the trade and other receivables due from the Associate. Accordingly, the Group appointed an independent qualified valuer (the "Valuer") and conducted an impairment assessment on the interest in the Associate and assessed the ECL on the trade and other receivables from the Associate. The Group has also obtained legal opinions on the sanction risks in respect of the Group's relationship with the Associate.

The assessment of the recoverable amounts of the interest in the Associate and the ECL on the trade and other receivables due from the Associate requires the use of significant judgements and estimates.

Based on management's assessment, the Group recognised full impairment loss on its interest in the Associate of S$10.4 million and ECL provision on the trade and other receivables from the Associate of S$3.7 million for the year ended 31 March 2022.

Details of management's assessment, including the significant judgements and estimation uncertainty, are disclosed in Notes 13, 36 and 37(d) to the consolidated financial statements.

Our audit performed and responses thereon

Our audit procedures included the following:

- We evaluated management's assessment on the sanction risks in respect of the Group's relationship with the Associate with reference to the legal opinions;
- We discussed with management on the analyses and assessments made with respect to the impairment on the interest in the Associate and the ECL on the trade and other receivables due from the Associate;
- We evaluated the qualifications, independence and objectivity of the Valuer and considered the scope of their work;
- We evaluated management's assessment of the recoverable amount of the interest in the Associate based on the higher of fair value less costs of disposal and value in use. With the involvement of our internal valuation specialists, we understood and assessed the impact of the current geopolitical situation, capital control measures implemented by Russia and sanctions on Russia to the interest in the Associate and evaluated the overall reasonableness of management's impairment assessment on the interest in Associate; and
- With the involvement of our internal valuation specialists, we assessed the reasonableness of key assumptions adopted by the Valuer in respect of the ECL on trade and others receivables from the Associate, including expected probability of default rate, forward-looking adjustments and the estimated loss given default rate, based on market available information.

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

Key Audit Matters

b) Assessment of recoverability of trade receivables

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

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

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

(Refer to Notes 18, 36 and 37 to the consolidated financial statements)

Our audit performed and responses thereon

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

In addition, we performed the following:

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

We have also reviewed the adequacy and appropriateness of the disclosures made in the financial statements, regarding trade receivables, the key assumptions and estimation on allowance for ECL and the related risks such as credit risk and the aging of trade receivables as disclosed in Notes 18 and 37.

Key Audit Matters

c) Assessment of allowance for inventories

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

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

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

(Refer to Notes 17 and 36 to the consolidated financial statements)

Our audit performed and responses thereon

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

Our audit procedures focused on the following:

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

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ang Poh Choo.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

28 June 2022

Consolidated Income Statement

Financial year ended 31 March 2022

	Note	The Group	
		2022	2021
		S$'000	S$'000
Continuing operations			
Revenue	3	**1,222,749**	1,148,508
Cost of sales		**(905,484)**	(838,154)
Gross profit		**317,265**	310,354
Other operating income	4	**48,678**	19,089
Distribution costs		**(154,692)**	(144,222)
Administrative expenses		**(148,699)**	(130,068)
Allowance for expected credit losses, net		**(4,519)**	(546)
Other operating expenses	5	**(37,086)**	(23,025)
Profit before finance costs and share of results of associates	6	**20,947**	31,582
Finance costs	7	**(19,332)**	(19,353)
Share of results of associates	13	**49,546**	42,474
Profit before taxation		**51,161**	54,703
Income tax expense	8	**(6,738)**	(13,668)
Profit after taxation from continuing operations		**44,423**	41,035
Discontinued operations			
(Loss) Profit after taxation from discontinued operations	41	**(3,050)**	1,248
Profit for the financial year		**41,373**	42,283
Attributable to:			
Equity holders of the Company			
Continuing operations		**38,311**	30,472
Discontinued operations		**(3,050)**	1,248
		35,261	31,720
Non-controlling interests			
Continuing operations		**6,112**	10,563
Discontinued operations		**-**	-
	12	**6,112**	10,563
		41,373	42,283
Basic and diluted earnings (loss) per share (Singapore cents) from:			
Continuing operations	9	**7.92**	6.30
Discontinued operations	9	**(0.63)**	0.25
		7.29	6.55

See accompanying notes to the financial statements.

Consolidated Statement of Comprehensive Income

Financial year ended 31 March 2022

	The Group	
	2022	2021
	S$'000	S$'000
Profit for the financial year	**41,373**	42,283
Other comprehensive income (loss):		
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain on financial assets at fair value through other comprehensive income	**4,787**	743
Share of other comprehensive (loss) income of associates		
- Property revaluation (deficit) surplus	**(117)**	476
- Defined benefit plan remeasurements	**13**	(9)
Items that are or may be reclassified subsequently to profit or loss:		
Foreign exchange translation		
- Exchange translation surplus	**15,010**	7,376
- Exchange translation deficit (surplus), net, reclassified to profit or loss upon de-registration / disposal of subsidiaries	**4,802**	(4)
Cash flow hedges		
- Net change in fair value of cash flow hedges	**-**	(93)
- Realised cash flow hedges reclassified to profit or loss	**-**	814
Share of other comprehensive loss of associates		
- Exchange translation deficit	**(2,241)**	(1,515)
Other comprehensive income for the financial year, net of tax	**22,254**	7,788
Total comprehensive income for the financial year	**63,627**	50,071
Attributable to:		
Equity holders of the Company	**54,724**	37,800
Non-controlling interests	**8,903**	12,271
	63,627	50,071
Total comprehensive income (loss) attributable to equity holders of the Company from:		
Continuing operations	**55,745**	37,600
Discontinued operations	**(1,021)**	200
	54,724	37,800

See accompanying notes to the financial statements.

Statements of Financial Position

As at 31 March 2022

	Note	The Group		The Company	
		2022	2021	**2022**	2021
		S$'000	S$'000	**S$'000**	S$'000
Non-current Assets					
Property, plant and equipment	10	**411,572**	386,321	**197**	241
Right-of-use assets	11	**47,749**	44,206	**416**	800
Interest in subsidiaries	12	**-**	-	**426,749**	433,526
Interest in associates	13	**298,892**	304,316	**29,031**	29,031
Financial assets at fair value through other comprehensive income	14	**6,739**	1,968	**-**	-
Non-current receivables	15	**3,226**	14,924	**20,480**	32,000
Deferred tax assets	27	**5,937**	4,812	**-**	-
Deposits and prepayments		**4,286**	5,843	**-**	-
Intangible assets	16	**10,696**	12,551	**-**	-
		789,097	774,941	**476,873**	495,598
Current Assets					
Inventories	17	**254,500**	206,443	**-**	-
Receivables and prepayments	18	**278,004**	276,294	**20,418**	8,880
Dividend receivable	33	**4,858**	4,299	**11,085**	22,003
Taxation recoverable		**3,837**	4,729	**-**	-
Derivative financial instruments	24	**165**	-	**-**	-
Short-term investments	19	**729**	1,291	**-**	-
Bank balances, deposits and cash	20	**188,263**	226,067	**29,251**	13,059
		730,356	719,123	**60,754**	43,942
Assets classified as held for sale	40	**7,413**	7,311	**-**	-
		737,769	726,434	**60,754**	43,942
Current Liabilities					
Trade and other payables	21	**302,851**	336,422	**24,995**	31,080
Contract liabilities	22	**18,883**	8,910	**-**	-
Provision for restructuring	26	**4,250**	-	**-**	-
Lease liabilities	23	**11,264**	10,490	**396**	383
Income tax payable		**8,070**	10,664	**246**	411
Derivative financial instruments	24	**19**	1,233	**-**	146
Bank and other loans	25	**461,611**	411,191	**96,580**	58,917
		806,948	778,910	**122,217**	90,937
Net Current Liabilities		**(69,179)**	(52,476)	**(61,463)**	(46,995)

See accompanying notes to the financial statements.

	Note	The Group		The Company	
		2022	2021	**2022**	2021
		S$'000	S$'000	**S$'000**	S$'000
Non-current Liabilities					
Bank and other loans	25	**99,823**	150,196	**66,759**	120,380
Lease liabilities	23	**41,681**	34,525	**32**	428
Provision for restructuring	26	**-**	17,318	**-**	-
Deferred tax liabilities	27	**10,806**	10,051	**-**	-
		152,310	212,090	**66,791**	120,808
Net Assets		**567,608**	510,375	**348,619**	327,795
Represented by:					
Issued capital	28	**286,307**	286,307	**286,307**	286,307
Treasury shares	28	**(20,978)**	(20,865)	**(20,978)**	(20,865)
Reserves		**202,231**	153,788	**83,290**	62,353
Equity attributable to equity holders of the Company		**467,560**	419,230	**348,619**	327,795
Non-controlling interests	12	**100,048**	91,145	**-**	-
Total Equity		**567,608**	510,375	**348,619**	327,795

See accompanying notes to the financial statements.

Statements of Changes In Equity

Financial year ended 31 March 2022

	Issued capital S$'000	Treasury shares S$'000	Capital reserve[(1)] S$'000	Legal reserve[(2)] S$'000	Capital reserve on consolidation[(3)] S$'000
The Group					
Balance at 1 April 2021	286,307	(20,865)	11,856	21,050	30,465
Total comprehensive income (loss)					
Profit for the financial year	-	-	-	-	-
Other comprehensive income (loss) for the financial year	-	-	-	-	-
Total comprehensive income (loss) for the financial year	-	-	-	-	-
Share of change in net assets of associates other than other comprehensive income	-	-	365	-	-
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners:					
Purchase of treasury shares (Note 28)	-	(113)	-	-	-
Dividend paid (Note 28)	-	-	-	-	-
Changes in ownership interests in subsidiaries:					
Disposal of subsidiaries	-	-	(129)	(5,102)	(863)
Total transactions with owners	-	(113)	(129)	(5,102)	(863)
Transfer to reserve	-	-	-	813	-
Balance at 31 March 2022	286,307	(20,978)	12,092	16,761	29,602

See accompanying notes to the financial statements.

Attributable to equity holders of the Company							
Exchange translation reserve[4] S$'000	Fair value reserve[5] S$'000	Share-based payment reserve[6] S$'000	Property revaluation reserve[7] S$'000	Retained profits S$'000	Total S$'000	Non-controlling interests S$'000	**Total equity S$'000**
(104,448)	(1,498)	2,091	1,072	193,200	419,230	91,145	**510,375**
-	-	-	-	35,261	35,261	6,112	**41,373**
14,780	4,787	-	(117)	13	19,463	2,791	**22,254**
14,780	4,787	-	(117)	35,274	54,724	8,903	**63,627**
-	-	(624)	-	26	(233)	-	**(233)**
-	-	-	-	-	(113)	-	**(113)**
-	-	-	-	(6,048)	(6,048)	-	**(6,048)**
-	-	-	-	6,094	-	-	**-**
-	-	-	-	46	(6,161)	-	**(6,161)**
-	-	-	-	(813)	-	-	**-**
(89,668)	3,289	1,467	955	227,733	467,560	100,048	**567,608**

	Issued capital S$'000	Treasury shares S$'000	Capital reserve[1] S$'000	Legal reserve[2] S$'000	Capital reserve on consolidation[3] S$'000
The Group					
Balance at 1 April 2020	286,307	(20,865)	5,368	21,193	30,461
Total comprehensive income (loss)					
Profit for the financial year	-	-	-	-	-
Other comprehensive income (loss) for the financial year	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-
Share of change in net assets of associates other than other comprehensive income	-	-	6,767	-	-
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners:					
Dividends paid to non-controlling interests	-	-	-	-	-
Unclaimed dividends	-	-	-	-	-
Changes in ownership interests in subsidiaries:					
Acquisition of additional interest in a subsidiary	-	-	-	-	4
De-registration of a subsidiary	-	-	(279)	(226)	-
Total transactions with owners	-	-	(279)	(226)	4
Transfer from fair value reserve upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-
Transfer to reserve	-	-	-	83	-
Balance at 31 March 2021	286,307	(20,865)	11,856	21,050	30,465

See accompanying notes to the financial statements.

Attributable to equity holders of the Company								
Exchange translation reserve[4] S$'000	Fair value reserve[5] S$'000	Share-based payment reserve[6] S$'000	Property revaluation reserve[7] S$'000	Hedging reserve[8] S$'000	Retained profits S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
(108,597)	(3,516)	1,895	596	(721)	162,327	374,448	94,087	468,535
-	-	-	-	-	31,720	31,720	10,563	42,283
4,149	743	-	476	721	(9)	6,080	1,708	7,788
4,149	743	-	476	721	31,711	37,800	12,271	50,071
-	-	196	-	-	14	6,977	-	6,977
-	-	-	-	-	-	-	(15,148)	(15,148)
-	-	-	-	-	1	1	-	1
-	-	-	-	-	-	4	(65)	(61)
-	-	-	-	-	505	-	-	-
-	-	-	-	-	506	5	(15,213)	(15,208)
-	1,275	-	-	-	(1,275)	-	-	-
-	-	-	-	-	(83)	-	-	-
(104,448)	(1,498)	2,091	1,072	-	193,200	419,230	91,145	510,375

	Issued capital S$'000	Treasury shares S$'000	Capital reserve[1] S$'000	Hedging reserve[8] S$'000	Retained profits S$'000	**Total equity S$'000**
The Company						
Balance at 1 April 2021	286,307	(20,865)	614	-	61,739	**327,795**
Total comprehensive income						
Profit for the financial year	-	-	-	-	26,985	**26,985**
Total comprehensive income for the financial year	-	-	-	-	26,985	**26,985**
Transactions with owners, recognised directly in equity						
Purchase of treasury shares (Note 28)	-	(113)	-	-	-	**(113)**
Dividend paid (Note 28)	-	-	-	-	(6,048)	**(6,048)**
Balance at 31 March 2022	286,307	(20,978)	614	-	82,676	**348,619**
Balance at 1 April 2020	286,307	(20,865)	614	(721)	42,771	308,106
Total comprehensive income						
Profit for the financial year	-	-	-	-	18,967	18,967
Other comprehensive income for the financial year	-	-	-	721	-	721
Total comprehensive income for the financial year	-	-	-	721	18,967	19,688
Transactions with owners, recognised directly in equity						
Unclaimed dividends	-	-	-	-	1	1
Balance at 31 March 2021	286,307	(20,865)	614	-	61,739	327,795

See accompanying notes to the financial statements.

(1) Capital reserves comprises surplus or deficit from transactions with group entities.

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

(3) Capital reserve on consolidation comprises surplus or deficit from acquisitions and disposals of interest in subsidiaries that do not result in a change of control and the capitalisation of accumulated profits.

(4) Exchange translation reserve comprises the foreign exchange differences arising from the translation of the financial statements of the Group's foreign operations whose functional currencies are different from that of the Group's presentation currency.

(5) Fair value reserve includes the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income ("FVTOCI") until the investments are derecognised.

(6) Share-based payment reserve represents the cumulative fair value of employee services received in exchange for the grant of equity-settled shares and share options.

(7) Property revaluation reserve represents the revaluation surplus or deficit on property, plant and equipment.

(8) Hedging reserve records the portion of the fair value changes on the derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges.

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

Financial year ended 31 March 2022

	The Group	
	2022	2021
	S$'000	S$'000
Operating activities		
Profit before taxation from continuing operations	**51,161**	54,703
(Loss) Profit before taxation from discontinued operations (Note 41)	**(2,698)**	1,578
Profit before taxation	**48,463**	56,281
Adjustments for:		
Share of results of associates	**(49,546)**	(42,474)
Depreciation of property, plant and equipment	**30,625**	26,746
Depreciation of right-of-use assets	**15,164**	14,082
Amortisation of intangible assets	**329**	334
Finance costs	**19,392**	19,357
Interest income	**(2,301)**	(2,522)
Loss on disposal and write-off of property, plant and equipment, net	**2,875**	11
Loss on disposal of automotive wire harness business ("AWH Business") (Note 41)	**2,891**	-
Restructuring charges written back	**(13,056)**	-
Relocation costs written back	**(4,205)**	-
Allowance for impairment loss on property, plant and equipment	**-**	2,362
Allowance for impairment loss on right-of-use assets	**-**	1,340
Allowance for impairment loss on interest in an associate	**10,380**	108
Allowance for inventory obsolescence and write-off of inventory, net	**448**	970
Allowance for expected credit losses, net	**4,519**	549
Fair value loss on short-term investments	**566**	596
Gain from deemed disposal of interest in associate	**(53)**	(29)
Gain from disposal of a subsidiary (Note 42)	**(8,182)**	-
Fair value gain from investment property	**-**	(3,783)
Loss (Gain) from de-registration of subsidiaries, net	**170**	(4)
Realised gain on derivative financial instruments	**-**	(783)
Unrealised fair value (gain) loss on derivative financial instruments	**(1,233)**	924
Rent concession related to COVID-19	**(29)**	(514)
Gain on lease modification	**(153)**	-
Gain on lease early termination	**(8)**	-
Bank loans waived (note a)	**(1,315)**	-
Unrealised exchange loss (gain)	**1,717**	(3,114)
Operating cash flows before movements in working capital	**57,458**	70,437
Inventories	**(54,985)**	(47,688)
Receivables and prepayments	**(7,643)**	(78,879)
Trade and other payables, and contract liabilities	**12,762**	94,969
Cash generated from operations	**7,592**	38,839
Income tax paid	**(10,035)**	(7,693)
Finance costs paid	**(18,004)**	(20,235)
Interest received	**1,033**	1,445
Net cash (used in) generated from operating activities	**(19,414)**	12,356

See accompanying notes to the financial statements.

	The Group	
	2022	2021
	S$'000	S$'000
Investing activities		
Purchase of property, plant and equipment (note b)	**(51,657)**	(76,173)
Deposits received from sale of assets classified as held for sale	**-**	20,532
Deposits paid for purchase of property, plant and equipment	**(467)**	(2,142)
Dividends received from associates	**41,232**	14,454
Proceeds from disposal of property, plant and equipment	**1,510**	2,825
Proceeds from disposal of AWH Business, net (Note 41)	**9,645**	-
Loan to an associate	**-**	(1,233)
Additional investment in associates	**-**	(265)
Compensation received from disposal of assets classified as held for sale	**-**	14,426
Proceeds from disposal of financial assets at fair value through other comprehensive income	**-**	1,135
Purchase of short-term investments	**-**	(2,050)
Proceeds from disposal of short-term investments	**-**	145
Cash and cash equivalents of subsidiary disposed (Note 42)	**(7,252)**	-
Net cash used in investing activities	**(6,989)**	(28,346)
Financing activities		
Drawdown of bank and other loans	**78,585**	190,608
Repayment of bank and other loans	**(82,630)**	(144,933)
Payment of lease liabilities	**(11,770)**	(10,679)
Dividend paid	**(6,048)**	-
Dividends paid to non-controlling interests	**-**	(15,148)
Acquisition of additional interest in a subsidiary	**-**	(61)
Purchase of treasury shares	**(113)**	-
Unclaimed dividends	**-**	1
Net cash (used in) generated from financing activities	**(21,976)**	19,788
Net (decrease) increase in cash and cash equivalents	**(48,379)**	3,798
Cash and cash equivalents at beginning of the financial year	**226,067**	221,098
Effects of exchange rate changes on the balance of cash held in foreign currencies	**10,575**	1,171
Cash and cash equivalents at end of the financial year, representing bank balances, deposits and cash (Note 20)	**188,263**	226,067

Note:

a) During the financial year, some bank loans obtained by certain subsidiaries incorporated in the United States pursuant to the Paycheck Protection Programme ("PPP") of the United States government as part of its Covid-19 relief measures were waived pursuant to the PPP (Note 25).

b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$52,157,000 (2021: S$80,441,000) of which S$500,000 (2021: S$4,268,000) were transferred from deposits paid for property, plant and equipment.

See accompanying notes to the financial statements.

Notes to the Financial Statements

31 March 2022

1. General

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

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

The Company's immediate and ultimate holding company is Gold Peak Technology Group Limited (formerly known as Gold Peak Industries (Holdings) Limited), incorporated in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") and listed on The Stock Exchange of Hong Kong Limited ("HKEX").

The principal activities of the Group's significant subsidiaries and significant associates are disclosed in Notes 38 and 39 respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2022 were authorised for issue by the Board of Directors on 28 June 2022.

2. Summary of significant accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act 1967, and Singapore Financial Reporting Standards (International) ("SFRS(I)").

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases* ("SFRS(I) 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets* ("SFRS(I) 1-36").

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

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

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

Basis of Consolidation

<u>*Subsidiaries*</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

Interest in Associates

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

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

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

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

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

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

Business Combinations

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

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

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

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

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

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

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

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

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

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

Foreign Currency Transactions

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

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

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

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

Foreign Currency Translation

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

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

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

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

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

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

Revenue Recognition

The Group recognises revenue from the following major sources:

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

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

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

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

Management fee income is recognised when services are rendered.

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

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

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

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

Retirement Benefit Costs

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

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

Employee Leave Entitlement

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

Borrowing Costs

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

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

Government Grants

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

Income Tax

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

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

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

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

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

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

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

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

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

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

Financial Instruments

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

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

Financial Assets

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

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

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

Classification of financial assets

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

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

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

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

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

Amortised cost and effective interest method

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

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

Equity instruments designated as at FVTOCI

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

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

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

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

Financial assets at FVTPL

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

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

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

Impairment of financial assets

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

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

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

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

Significant increase in credit risk

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

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

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

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

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

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

Definition of default

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

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

Credit-impaired financial assets

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

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

Write-off policy

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

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

Measurement and recognition of ECL

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

Cash and cash equivalents in the consolidated statement of cash flows

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

Financial Liabilities and Equity Instruments

Classification as debt or equity

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

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

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

Bank and other borrowings

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

Equity instruments

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

Treasury shares

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

Derecognition of financial liabilities

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

Derivative Financial Instruments

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

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

Hedge accounting

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

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

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

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

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

Cash flow hedges

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

Offsetting arrangements

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

Property, Plant and Equipment

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

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

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

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

Freehold land is not depreciated.

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

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

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

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

Leasehold improvements are depreciated at the shorter of 10% to $33\frac{1}{3}$% or over the lease terms.

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

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

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

Intangible Assets

<u>*Goodwill*</u>

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

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

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

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

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

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

Trademarks

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

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

Inventories

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

Non-current Assets Held For Sale and Discontinued Operations

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

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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

Leases

The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated using straight-line basis over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired.

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

The Group as Lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of SFRS(I) 9, recognising an allowance for ECL on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

Impairment of Tangible and Intangible Assets Excluding Goodwill

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

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

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

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

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

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

Provisions

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

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

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

Share-based Payments

Equity-settled Share-based Payments

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

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

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

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

3. Revenue

Revenue comprised product sales recognised at a point in time:

	The Group	
	2022	2021
	S$'000	S$'000
Batteries and battery-related products	**940,909**	945,624
Electronics and acoustics products	**281,840**	202,884
	1,222,749	1,148,508

4. Other operating income

	The Group	
	2022	2021
	S$'000	S$'000
Product development and engineering fee income	**216**	1,213
Interest income:		
Associates	**23**	201
Banks	**407**	679
Third parties	**635**	571
Non-current receivables	**1,232**	1,052
Gain on disposal of property, plant and equipment	**17**	2,472
Management fee income from associates	**727**	541
Operating lease income	**518**	456
Tooling income	**-**	340
Government grant	**5,647**	3,725
Gain on sales of parts, samples, scrap and surplus materials	**1,510**	1,196
Fair value gain from investment property	**-**	3,783
Unrealised fair value gain on derivative financial instruments	**1,233**	-
Realised gain on derivative financial instruments	**3,648**	783
Gain from deemed disposal of interest in associate	**53**	29
Gain from disposal of a subsidiary (Note 42)	**8,182**	-
Gain from de-registration of a subsidiary	**-**	4
Restructuring charges written back (note a)	**13,056**	-
Compensation income from customer for cancelled order	**-**	554
Compensation income for relocation (note b)	**6,739**	-
Relocation costs written back (note c)	**4,205**	-
Rent concession related to COVID-19	**29**	514
Gain on lease modification	**153**	-
Recovery of bad debts	**3**	-
Others	**445**	976
	48,678	19,089

4. **Other operating income (cont'd)**

Note:

a) Being write back of excess provision for costs for relocation of the operations of GP Electronics (Huizhou) Co., Ltd. ("GPEHZ") to Dongjiang, Huizhou, People's Republic of China ("China") or ("PRC"). The statutory compensation payable to the affected employees were significantly less than the original estimate due to the relative proximity of the current and previous location.

b) During the financial year, the Group entered into an agreement with a local government for relocation of a PRC factory and had received a compensation from the local government.

c) During the financial year, the Group completed the relocation of a PRC factory which was transferred to the government and accordingly, the relocation cost provision that was previously made, mainly representing the demolition and cleaning costs of factory, was written back.

5. **Other operating expenses**

	The Group	
	2022	2021
	S$'000	S$'000
Property, plant and equipment written-off	**2,892**	2,482
Bank charges	**1,889**	1,637
Fair value loss on short-term investments	**566**	596
Allowance for impairment loss on property, plant and equipment	**-**	2,362
Allowance for impairment loss on right-of-use assets	**-**	1,340
Unrealised fair value loss on derivative financial instruments	**-**	924
Closure and relocation costs (note a)	**14,931**	4,953
Allowance for impairment loss on interest in an associate (Note 13)	**10,380**	108
Restructuring charges (note b)	**1,030**	-
Exchange loss	**4,901**	8,158
Loss from de-registration of a subsidiary	**170**	-
Others	**327**	465
	37,086	23,025

Note:

a) Costs for the financial year were incurred for relocation of the rechargeable batteries manufacturing factories located in Huizhou and Dongguan, China.

b) Restructuring charges are costs for the proposed distribution *in-specie* of shares in GP Energy Tech Limited and the proposed acquisition of Light Engine Technologies Limited by XIC Innovation Limited ("XIC") (formerly known as Linkz Industries Limited), an associated company.

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

Profit before finance costs and share of results of associates from continuing operations is arrived at after charging the following:

	The Group	
	2022	2021
	S$'000	S$'000
Audit fees:		
Auditors of the Company	**251**	279
Other auditors	**1,723**	1,775
Non-audit fees:		
Auditors of the Company	**31**	28
Other auditors	**224**	410
Depreciation of property, plant and equipment	**30,461**	26,297
Depreciation of right-of-use assets	**15,048**	13,889
Amortisation of intangible assets	**329**	334
Expenses relating to short-term leases	**366**	600
Expenses relating to leases of low-value assets	**29**	33
Expenses relating to variable lease payments not included in the measurement of lease liability	**1,368**	1,207
Directors' remuneration:		
Fees	**509**	498
Other emoluments (note a)	**5,084**	3,933
Employee benefits expense (excluding directors' remuneration) (note a)	**205,268**	200,501
Cost of defined contribution plans included in employee benefits expense and directors' remuneration	**8,910**	7,344
Allowance for inventory obsolescence and write-off of inventory, net	**439**	753
Cost of inventories recognised as expense	**883,563**	820,510

Note:

a) Employee benefits expense and directors' remuneration are stated net of COVID-19 subsidies received from various governments including an amount of S$22,000 (2021: S$412,000) received under the Jobs Support Scheme of the Singapore Government as part of its measures to support businesses during the period of economic uncertainty impacted by COVID-19.

7. Finance costs

	The Group	
	2022	2021
	S$'000	S$'000
Interest on bank loans, overdrafts, bills payable and amortised fees relating to term loans	**16,790**	17,580
Interest on other loans	**-**	10
Interest on lease liabilities	**2,542**	1,763
	19,332	19,353

8. Income tax expense

	The Group	
	2022	2021
	S$'000	S$'000
Current taxation:		
Provision for taxation in respect of profit for the financial year	**6,788**	9,384
Over-provision in respect of prior years	**(2,324)**	(215)
Withholding tax on overseas income	**2,671**	2,372
Deferred taxation:		
(Credit) Charge for the financial year	**(414)**	2,606
Under (Over)-provision in respect of prior years	**17**	(479)
	6,738	13,668

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2021: 17%) to profit before taxation as a result of the following differences:

	The Group	
	2022	2021
	S$'000	S$'000
Profit before taxation	**51,161**	54,703
Share of results of associates	**(49,546)**	(42,474)
Profit before taxation and share of results of associates	**1,615**	12,229
Income tax expense at statutory tax rate	**275**	2,079
Effect of different tax rates of overseas operations	**223**	(849)
Effect of changes in tax rates	**-**	25
Income not subject to tax	**(2,343)**	(1,511)
Expenses not deductible for tax purposes	**7,582**	6,058
Deferred tax assets not recognised	**5,664**	5,747
Recognition of previously unrecognised deferred tax assets	**(3,879)**	(1,679)
Over-provision in prior years	**(2,307)**	(694)
Withholding tax	**2,671**	2,372
Deferred tax on undistributed profits	**(481)**	2,651
Enhanced tax deductions	**(633)**	(509)
Others	**(34)**	(22)
Total income tax expense at effective rates	**6,738**	13,668

9. Earnings per share

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

a) Earnings

	The Group	
	2022	2021
	S$'000	S$'000
Profit (Loss) attributable to equity holders of the Company from:		
Continuing operations	**38,311**	30,472
Discontinued operations	**(3,050)**	1,248
	35,261	31,720

b) Number of shares

	The Group	
	2022	2021
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**483,853,969**	484,046,682

There were no dilutive potential ordinary shares for the financial years ended 31 March 2022 and 2021.

10. Property, plant and equipment

	Freehold land and buildings[1]	Leasehold land and buildings[2]	Leasehold improve-ments	Furniture, fixtures and equipment	Machinery and equipment	Motor vehicles	Moulds and tools	Construc-tion in progress	**Total**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	**S$'000**
The Group									
Cost:									
Balance at 1 April 2021	14,143	126,975	26,370	56,461	355,871	8,676	71,053	122,668	**782,217**
Additions	-	70	1,928	2,525	3,437	365	7,405	36,427	**52,157**
Disposal of subsidiaries	-	-	(2,000)	(723)	(4,081)	(211)	(833)	-	**(7,848)**
Disposals and write-offs	-	(6,586)	-	(3,528)	(14,553)	(964)	(1,831)	(5)	**(27,467)**
Reclassifications	-	96,076	1,869	635	9,378	-	2,941	(110,899)	**-**
Currency realignment	(197)	4,455	293	334	5,435	155	1,661	4,252	**16,388**
Balance at 31 March 2022	13,946	220,990	28,460	55,704	355,487	8,021	80,396	52,443	**815,447**
Accumulated depreciation:									
Balance at 1 April 2021	3,585	29,131	19,326	36,582	243,284	6,786	37,977	-	**376,671**
Charge for the financial year	180	4,243	2,511	4,181	13,683	657	5,170	-	**30,625**
Eliminated on disposal of subsidiaries	-	-	(2,000)	(522)	(2,388)	(191)	(720)	-	**(5,821)**
Eliminated on disposals and write-offs	-	(4,701)	-	(3,058)	(12,949)	(956)	(1,395)	-	**(23,059)**
Currency realignment	(60)	1,179	225	184	3,546	107	644	-	**5,825**
Balance at 31 March 2022	3,705	29,852	20,062	37,367	245,176	6,403	41,676	-	**384,241**
Accumulated impairment loss:									
Balance at 1 April 2021	-	-	-	2,245	16,953	7	20	-	**19,225**
Eliminated on disposals and write-offs	-	-	-	-	(6)	-	-	-	**(6)**
Currency realignment	-	-	-	9	401	-	5	-	**415**
Balance at 31 March 2022	-	-	-	2,254	17,348	7	25	-	**19,634**
Net book value:									
Balance at 31 March 2022	10,241	191,138	8,398	16,083	92,963	1,611	38,695	52,443	**411,572**

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

	Freehold land and buildings[1]	Leasehold land and buildings[2]	Leasehold improve-ments	Furniture, fixtures and equipment	Machinery and equipment	Motor vehicles	Moulds and tools	Construc-tion in progress	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
The Group									
Cost:									
Balance at 1 April 2020	13,698	122,113	25,332	55,242	352,474	9,076	56,028	97,765	731,728
Additions	-	3,516	3,331	3,025	9,442	379	1,230	59,518	80,441
Disposals and write-offs	-	(1,020)	(1,912)	(3,955)	(17,615)	(735)	(865)	-	(26,102)
Reclassifications	543	219	348	3,116	16,288	93	15,047	(35,654)	-
Currency realignment	(98)	2,147	(729)	(967)	(4,718)	(137)	(387)	1,039	(3,850)
Balance at 31 March 2021	14,143	126,975	26,370	56,461	355,871	8,676	71,053	122,668	782,217
Accumulated depreciation:									
Balance at 1 April 2020	3,420	25,401	19,440	36,481	249,495	6,801	34,859	-	375,897
Charge for the financial year	174	3,146	2,325	3,863	12,336	752	4,150	-	26,746
Eliminated on disposals and write-offs	-	(125)	(1,909)	(3,094)	(14,086)	(653)	(711)	-	(20,578)
Currency realignment	(9)	709	(530)	(668)	(4,461)	(114)	(321)	-	(5,394)
Balance at 31 March 2021	3,585	29,131	19,326	36,582	243,284	6,786	37,977	-	376,671
Accumulated impairment loss:									
Balance at 1 April 2020	-	-	-	2,583	17,140	8	39	-	19,770
Charge for the financial year	-	-	-	-	2,362	-	-	-	2,362
Eliminated on disposals and write-offs	-	-	-	(193)	(2,542)	-	(19)	-	(2,754)
Currency realignment	-	-	-	(145)	(7)	(1)	-	-	(153)
Balance at 31 March 2021	-	-	-	2,245	16,953	7	20	-	19,225
Net book value:									
Balance at 31 March 2021	10,558	97,844	7,044	17,634	95,634	1,883	33,056	122,668	386,321

(1) As at 31 March 2022, the net carrying value of freehold land was S$6,756,000 (2021: S$6,838,000).

(2) Rights to use leasehold land which has been fully paid up upon acquisition and not subject to any further payment obligations for such rights are presented under leasehold land and buildings, which has a net carrying value of S$191,138,000 as at 31 March 2022 (2021: S$97,844,000).

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

During the financial years ended 31 March 2022 and 2021, the Group carried out a review of the recoverable amount of certain property, plant and equipment. Arising from the review, no impairment loss (2021: impairment loss of S$2,362,000) was recognised to align the carrying amount of the plant and equipment to their recoverable amount. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use for the financial year ended 31 March 2021 was 13%.

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

	Leasehold improvements S$'000	Furniture, fixtures and equipment S$'000	Motor vehicles S$'000	**Total S$'000**
The Company				
Cost:				
Balance at 1 April 2021	101	1,300	446	**1,847**
Additions	-	11	-	**11**
Balance at 31 March 2022	101	1,311	446	**1,858**
Accumulated depreciation:				
Balance at 1 April 2021	101	1,252	253	**1,606**
Charge for the financial year	-	12	43	**55**
Balance at 31 March 2022	101	1,264	296	**1,661**
Net book value:				
Balance at 31 March 2022	-	47	150	**197**
Cost:				
Balance at 1 April 2020	101	1,260	446	1,807
Additions	-	40	-	40
Balance at 31 March 2021	101	1,300	446	1,847
Accumulated depreciation:				
Balance at 1 April 2020	101	1,243	210	1,554
Charge for the financial year	-	9	43	52
Balance at 31 March 2021	101	1,252	253	1,606
Net book value:				
Balance at 31 March 2021	-	48	193	241

	Group and Company	
	2022 S$'000	2021 S$'000
Net book value of property, plant and equipment secured for the Company's borrowing:		
Motor vehicles	**126**	170

11. Right-of–use assets

	Leasehold buildings S$'000	Office equipment S$'000	Machinery and equipment S$'000	Motor vehicles S$'000	**Total S$'000**
The Group					
Cost:					
Balance at 1 April 2021	62,722	72	3,407	1,321	**67,522**
Additions	25,280	20	624	76	**26,000**
Disposal of subsidiaries	(2,619)	-	-	-	**(2,619)**
Modification to contracts	(5,088)	-	-	-	**(5,088)**
Lease expired	(8,106)	-	(80)	(92)	**(8,278)**
Termination of lease	-	(31)	(507)	-	**(538)**
Currency realignment	559	(2)	(25)	(50)	**482**
Balance at 31 March 2022	72,748	59	3,419	1,255	**77,481**
Accumulated depreciation:					
Balance at 1 April 2021	20,305	53	882	760	**22,000**
Charge for the financial year	14,289	13	513	349	**15,164**
Disposal of subsidiaries	(82)	-	-	-	**(82)**
Lease expired	(8,106)	-	(80)	(92)	**(8,278)**
Termination of lease	-	(26)	(193)	-	**(219)**
Currency realignment	(183)	(1)	(8)	(28)	**(220)**
Balance at 31 March 2022	26,223	39	1,114	989	**28,365**
Accumulated impairment loss:					
Balance at 1 April 2021	1,316	-	-	-	**1,316**
Currency realignment	51	-	-	-	**51**
Balance at 31 March 2022	1,367	-	-	-	**1,367**
Net book value:					
Balance at 31 March 2022	45,158	20	2,305	266	**47,749**

11. Right-of–use assets (cont'd)

	Leasehold buildings S$'000	Office equipment S$'000	Machinery and equipment S$'000	Motor vehicles S$'000	Total S$'000
The Group					
Cost:					
Balance at 1 April 2020	32,245	67	3,249	1,319	36,880
Early adoption of amendments to SFRS(I) 16	251	-	-	-	251
Additions	33,827	-	342	83	34,252
Modification to contracts	(121)	-	-	-	(121)
Lease expired	(2,756)	-	(114)	(31)	(2,901)
Currency realignment	(724)	5	(70)	(50)	(839)
Balance at 31 March 2021	62,722	72	3,407	1,321	67,522
Accumulated depreciation:					
Balance at 1 April 2020	10,242	24	496	422	11,184
Charge for the financial year	13,209	25	519	329	14,082
Lease expired	(2,756)	-	(114)	(31)	(2,901)
Currency realignment	(390)	4	(19)	40	(365)
Balance at 31 March 2021	20,305	53	882	760	22,000
Accumulated impairment loss:					
Balance at 1 April 2020	-	-	-	-	-
Charge for the financial year	1,340	-	-	-	1,340
Currency realignment	(24)	-	-	-	(24)
Balance at 31 March 2021	1,316	-	-	-	1,316
Net book value:					
Balance at 31 March 2021	41,101	19	2,525	561	44,206

During the financial years ended 31 March 2022 and 2021, the Group carried out a review of the recoverable amount of certain right-of-use assets. Arising from the review, no impairment loss (2021: impairment loss of S$1,340,000) was recognised to align the carrying amount of the right-of-use assets to their recoverable amount. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use for the financial year ended 31 March 2021 was 13%.

11. Right-of–use assets (cont'd)

	Leasehold buildings S$'000
The Company	
Cost:	
Balance at 1 April 2021 and 31 March 2022	**1,152**
Accumulated depreciation:	
Balance at 1 April 2021	**352**
Charge for the financial year	**384**
Balance at 31 March 2022	**736**
Net book value:	
Balance at 31 March 2022	**416**
Cost:	
Balance at 1 April 2020	398
Additions	1,151
Lease expired	(397)
Balance at 31 March 2021	1,152
Accumulated depreciation:	
Balance at 1 April 2020	368
Charge for the financial year	381
Lease expired	(397)
Balance at 31 March 2021	352
Net book value:	
Balance at 31 March 2021	800

	The Group	
	2022	2021
	S$'000	S$'000
Net book value of right-of-use assets secured over lease liabilities:		
Motor vehicles	**88**	237
Machinery and equipment	**1,745**	2,123

12. Interest in subsidiaries

	The Company	
	2022	2021
	S$'000	S$'000
Unquoted equity shares, at cost	**570,430**	581,021
Allowance for impairment loss	**(143,681)**	(147,495)
	426,749	433,526

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

During the financial year, the Company carried out a review of the recoverable amount of its investment in subsidiaries to determine if the recoverable amount of certain subsidiaries were below its carrying value and did not recognise any allowance for impairment loss (2021: S$Nil). The estimated recoverable amount of a subsidiary was based on fair value less cost to sell, which was determined with reference to its fair value, which approximates its net asset value.

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

Name of subsidiary	Place of incorporation and business	Effective percentage of equity and voting power held by the non-controlling interests		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	**2022**	2021	**2022**	2021
		%	%	**S$'000**	S$'000	**S$'000**	S$'000
Zhongyin (Ningbo) Battery Co Ltd	The People's Republic of China	**30.00**	30.00	**6,993**	9,915	**77,801**	69,775
Ningbo Fubang Battery Co Ltd	The People's Republic of China	**28.00**	28.00	**592**	2,021	**12,444**	11,394
Subsidiaries with immaterial non-controlling interests				**(1,473)**	(1,373)	**9,803**	9,976
				6,112	10,563	**100,048**	91,145

12. Interest in subsidiaries (cont'd)

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

	2022		2021	
	Zhongyin (Ningbo) Battery Co Ltd S$'000	**Ningbo Fubang Battery Co Ltd S$'000**	Zhongyin (Ningbo) Battery Co Ltd S$'000	Ningbo Fubang Battery Co Ltd S$'000
Current assets	**276,292**	**43,643**	243,512	45,230
Non-current assets	**253,754**	**4,893**	250,632	8,062
Current liabilities	**(294,308)**	**(4,092)**	(276,882)	(12,600)
Non-current liabilities	**(269)**	**-**	(111)	-
Non-controlling interests	**(70,641)**	**(12,444)**	(65,145)	(11,394)
Equity attributable to equity holders of the Company	**164,828**	**32,000**	152,006	29,298
Dividend payable to non-controlling interests	**7,160**	**-**	4,630	-
Revenue	**497,313**	**41,034**	508,875	64,131
Expenses, other gains and losses	**474,003**	**38,921**	475,824	56,911
Profit attributable to:				
Equity holders of the Company	**16,317**	**1,521**	23,136	5,199
Non-controlling interests	**6,993**	**592**	9,915	2,021
Profit for the financial year	**23,310**	**2,113**	33,051	7,220
Other comprehensive income (loss) attributable to:				
Equity holders of the Company	**2,446**	**1,180**	(3,478)	951
Non-controlling interests	**1,033**	**459**	(1,256)	360
Other comprehensive income (loss) for the financial year	**3,479**	**1,639**	(4,734)	1,311
Total comprehensive income attributable to:				
Equity holders of the Company	**18,763**	**2,701**	19,658	6,150
Non-controlling interests	**8,026**	**1,051**	8,659	2,381
Total comprehensive income for the financial year	**26,789**	**3,752**	28,317	8,531
Dividends paid to non-controlling interests	**-**	**-**	15,148	748
Net cash generated from (used in) operating activities	**39,923**	**1,150**	11,452	(1,694)
Net cash (used in) generated from investing activities	**(10,321)**	**2,728**	12,465	(1,321)
Net cash used in financing activities	**(18,546)**	**-**	(20,637)	(3,743)
Net increase (decrease) in cash and cash equivalents	**11,056**	**3,878**	3,280	(6,758)

13. Interest in associates

	The Group		The Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Quoted equity shares, at cost	**46,265**	46,209	**-**	-
Unquoted equity shares, at cost	**40,618**	40,618	**29,031**	29,031
	86,883	86,827	**29,031**	29,031
Loan to associates	**2,996**	2,989	**-**	-
Share of post-acquisition reserves, net of dividend declared	**230,588**	225,695	**-**	-
Allowance for impairment loss	**(21,575)**	(11,195)	**-**	-
	298,892	304,316	**29,031**	29,031
Market value of quoted equity shares	**85,162**	89,508	**-**	-

Details of the significant associates are set out in Note 39.

The issued shares of some of the Group's associates are quoted:

i) The shares of Meiloon Industrial Co., Ltd. ("Meiloon") are quoted on the Taiwan Stock Exchange Corporation.

ii) The shares of STL Technology Co., Ltd ("STL") are quoted on the Taipei Exchange.

iii) The shares of Hanoi Battery Joint Stock Company ("Habaco") are quoted on the Hanoi Stock Exchange.

As at 31 March 2022, the market value of the Group's investment in Meiloon, STL and Habaco was higher (2021: higher) than their respective carrying value in the Group's financial statements. There was no indication of permanent diminution in the market value as at 31 March 2022 and 2021.

<u>Loan to associate</u>

As at 31 March 2022 and 2021, for purpose of impairment assessment, the loan to associates is considered to have low credit risk as there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for the asset, the loss allowance is measured at an amount equal to 12-month ECL.

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

13. Interest in associates (cont'd)

<u>Impairment of interest in an associated company (the "Associate")</u>

As at 31 March 2022, management of the Group had considered that the current geopolitical situation, capital control measures implemented by Russia and the sanctions on Russia had significantly restricted its ability to realise economic benefit in its capacity as a foreign shareholder of the Associate. Management had considered that there was an indication of impairment of the Group's interest in the Associate.

Based on the cash flows forecast approved by management of the Group covering a five-year period of the Associate, it was anticipated that there will be a general decline in revenue of the Associate in the next 5 years, hence the value in use was expected to be nominal. Also, in response to the sanctions imposed on Russia by a number of countries, Russia has implemented a number of capital control measures including restrictions on disposal of Russian investments by foreign investors and restriction of foreign currency transfers to overseas counterparties for non-trade related debts. As a result, having also considered the valuation performed by an independent qualified valuer (the "Valuer"), it is assessed by management that it is unable to estimate a reasonable fair value of the investment other than a zero value, as any measures would be subject to such high measurement uncertainty that no estimate would provide useful information even if it were accompanied by a description of the estimate made in producing it and an explanation of the uncertainties that affect the estimate.

As such, management was of the view that the Group's interest in the Associate as at 31 March 2022 was of a nominal value from both a fair value less costs of disposal and value in use perspective. Accordingly, management recognised a full impairment loss of S$10,380,000 (2021: S$Nil) against the entire gross carrying value of the interest in Associate in profit or loss during the financial year. Any easing of the current geopolitical situation, capital control measures implemented by Russia and sanctions on Russia may result in a reversal of impairment losses in the future.

The Group's share of results of associates comprised:

	The Group	
	2022	2021
	S$'000	S$'000
Share of profit before taxation	**56,786**	56,382
Share of taxation	**(7,240)**	(13,908)
Share of results	**49,546**	42,474

The following are the Group's material associates:

i) XIC and its subsidiaries ("XIC Group")

ii) Meiloon and its subsidiaries ("Meiloon Group")

13. Interest in associates (cont'd)

Summarised financial information in respect of each of the Group's material associates for the financial year ended and as at 31 March 2022 are as follows:

	XIC Group S$'000	Meiloon Group S$'000
2022		
Current assets	220,986	307,703
Non-current assets	228,033	119,874
Current liabilities	(83,283)	(109,856)
Non-current liabilities	(3,692)	(99,004)
Non-controlling interests	(115)	(14,493)
Equity attributable to equity holders of the associate	361,929	204,224
Revenue	718,668	181,904
Profit attributable to equity holders of the associate	79,952	10,064
Other comprehensive loss	(7,661)	(3,223)
Total comprehensive income	72,291	6,841
Change in net assets other than other comprehensive income (note a)	(345)	(476)
Dividend received from the associate during the financial year	28,302	2,813

Note:

a) Comprise mainly deficit arising from the disposal of Time Interconnect Technology Limited ("Time Interconnect") by XIC and partial disposal of a subsidiary by Meiloon without loss of control during the financial year. Time Interconnect is listed on HKEX.

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

	XIC Group S$'000	Meiloon Group S$'000
2022		
Equity attributable to equity holders of the associate	361,929	204,224
Proportion of the Group's ownership	38.13%	20.27%
The Group's share of equity attributable to equity holders of the associate	138,004	41,389
Goodwill	-	7,127
Other adjustments	(414)	(40)
Carrying amount of the Group's interest in the associate	137,590	48,476

13. Interest in associates (cont'd)

Summarised financial information in respect of each of the Group's material associates for the financial year ended and as at 31 March 2021 are as follows:

	XIC Group S$'000	Meiloon Group S$'000
2021		
Current assets	461,135	331,714
Non-current assets	354,117	119,267
Current liabilities	(330,999)	(137,314)
Non-current liabilities	(80,912)	(87,967)
Non-controlling interests	(39,131)	(13,952)
Equity attributable to equity holders of the associate	364,210	211,748
Revenue	619,860	143,864
Profit attributable to equity holders of the associate	27,056	76,012
Other comprehensive loss	(9,238)	(2,023)
Total comprehensive income	17,818	73,989
Change in net assets other than other comprehensive income (note a)	18,300	-
Dividend received from the associate during the financial year	-	3,030

Note:

a) Comprise mainly surplus arising from internal re-organisation of XIC Group involving its 63.85% owned subsidiary, Time Interconnect, and share-based payment reserve arising from grant of share options by Time Interconnect to its employees.

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

	XIC Group S$'000	Meiloon Group S$'000
2021		
Equity attributable to equity holders of the associate	364,210	211,748
Proportion of the Group's ownership	38.13%	20.27%
The Group's share of equity attributable to equity holders of the associate	138,873	42,914
Goodwill	-	7,123
Other adjustments	(416)	(40)
Carrying amount of the Group's interest in the associate	138,457	49,997

13. Interest in associates (cont'd)

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

	2022 S$'000	2021 S$'000
The Group's share of:		
Results	**17,020**	16,753
Other comprehensive income	**1,109**	2,827
Total comprehensive income	**18,129**	19,580
Aggregate carrying amount of the Group's interest in these associates	**112,826**	115,862

Unrecognised share of losses of associates are as follows:

	2022 S$'000	2021 S$'000
For the financial year	**(59)**	(123)
Cumulative share of losses	**(182)**	(123)

14. Financial assets at fair value through other comprehensive income

	The Group	
	2022 S$'000	2021 S$'000
Non-current assets		
Investment in unquoted equity shares	**6,739**	1,968

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

15. Non-current receivables

	The Group		The Company	
	2022 S$'000	2021 S$'000	2022 S$'000	2021 S$'000
Compensation receivable by a subsidiary (note a)	**-**	9,787	**-**	-
Loan to non-controlling interests (note b)	**3,226**	5,137	**-**	-
Loan to a subsidiary (note c)	**-**	-	**20,480**	32,000
	3,226	14,924	**20,480**	32,000

Note:

a) Being the expected early removal compensation and incentive carried at amortised cost included in determining the property disposal gain of GPEHZ during the financial year ended 31 March 2020, based on the intended removal date of June 2022. The removal was completed in May 2022. As at 31 March 2022, the receivable was presented under current assets.

15. Non-current receivables (cont'd)

b) Being a loan to the non-controlling interests of the 51% owned subsidiary of the electronics and acoustics business incorporated in Thailand. The loan receivable carries interests at 5.5% (2021: 5.5%) per annum at 31 March 2022 and is repayable in June 2023. The loan receivable was pledged with the 49% shares of the non-controlling interests in that subsidiary.

c) In March 2021, the Company granted a loan to a wholly-owned subsidiary. The loan receivable is interest bearing at variable interest rate and bears interest ranging from 2.9% to 3.6% (2021: 3.3%) per annum. The loan is collectible in instalments during the financial years ending 31 March 2023 and 2024. Non-current receivables represent the amount repayable by subsidiary after one year from the date of the statement of financial position.

16. Intangible assets

	The Group	
	2022	2021
	S$'000	S$'000
Goodwill	**6,328**	7,844
Trademarks	**4,368**	4,707
	10,696	12,551

Goodwill

Cost:		
Balance at beginning of the financial year	**17,193**	18,235
Derecognised on de-registration of a subsidiary	**(196)**	-
Derecognised on disposal of subsidiaries (Notes 41 and 42)	**(1,498)**	-
Currency realignment	**(38)**	(1,042)
Balance at end of the financial year	**15,461**	17,193
Accumulated impairment loss:		
Balance at beginning of the financial year	**9,349**	9,916
Derecognised on de-registration of a subsidiary	**(196)**	-
Currency realignment	**(20)**	(567)
Balance at end of the financial year	**9,133**	9,349
Net book value:		
Balance at end of the financial year	**6,328**	7,844

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

16. Intangible assets (cont'd)

During the financial year, the Group carried out a review of the recoverable amount of the Relevant CGUs. Recoverable amount determined from value in use calculations were based on cash flow projections derived from most recent financial budget approved by management for the next year (2021: one year) and extrapolates for the following four years (2021: four years) based on a growth rates of -0.5% to 4.0% (2021: -5.7% to -2.3%). Discount rate of 12.6% (2021: 12.7%) was used to discount the cash flow forecast.

If management's estimate of discount rate increases or decreases by 1%, the amount of value in use would decrease by S$17,170,000 (2021: S$13,158,000) or increase by S$14,329,000 (2021: S$11,274,000) respectively.

As at 31 March 2022, management has determined that the recoverable amounts of the Relevant CGUs are appropriate, after considering, *inter alia*, the value in use calculations based on the key assumptions and taking into account the sensitivity analysis above. In addition, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amount to be below the carrying amount of the respective CGU. Accordingly, no allowance or further allowance for impairment loss is required.

Trademarks

	The Group	
	2022	2021
	S$'000	S$'000
Cost:		
Balance at beginning of the financial year	**6,572**	6,971
Currency realignment	**(15)**	(399)
Balance at end of the financial year	**6,557**	6,572
Accumulated amortisation:		
Balance at beginning of the financial year	**1,865**	1,630
Charge for the financial year	**329**	334
Currency realignment	**(5)**	(99)
Balance at end of the financial year	**2,189**	1,865
Net book value:		
Balance at end of the financial year	**4,368**	4,707

17. Inventories

	The Group	
	2022	2021
	S$'000	S$'000
Raw materials	**84,819**	59,266
Work-in-progress	**66,386**	59,653
Finished goods	**103,295**	87,524
	254,500	206,443

The cost of inventories recognised as an expense for continuing operations includes S$1,297,000 (2021: S$1,321,000) in respect of write-downs of inventory to net realisable value and allowance for slow moving inventories, and has been reduced by S$858,000 (2021: S$568,000) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales price in certain markets and reduction in slow moving inventories for certain products.

18. Receivables and prepayments

	The Group		The Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables:				
Third parties	**186,288**	202,395	**-**	-
Associates (note a)	**11,691**	11,625	**-**	-
Less: Allowance for ECL:				
Third parties	**(4,147)**	(3,573)	**-**	-
Associates	**(4,486)**	(1,012)	**-**	-
	189,346	209,435	**-**	-
Other receivables:				
Third parties	**67,685**	40,210	**-**	-
Associates (note a)	**1,722**	1,921	**-**	-
Subsidiaries (note b)	**-**	-	**20,259**	8,723
Less: Allowance for ECL:				
Third parties	**(338)**	(236)	**-**	-
Associates	**(782)**	(399)	**-**	-
	68,287	41,496	**20,259**	8,723
Deposits and prepayments	**20,371**	25,363	**159**	157
	278,004	276,294	**20,418**	8,880

Note:

a) The amounts due from associates are unsecured, non-interest bearing and repayable on demand.

b) The amounts due from subsidiaries included loans receivable from a subsidiary amounting to S$19,520,000 (2021: S$8,000,000), with interest rates ranging from 2.4% to 3.6% (2021: 2.4% to 4.3%) per annum.

Trade receivables are generally non-interest bearing with credit terms of up to 120 days (2021: 120 days). The Group closely monitors the credit quality of its trade receivables. For receivables that are not past due, they are considered collectible and accordingly not impaired. Interest may be charged on past due trade receivables.

18. Receivables and prepayments (cont'd)

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

	The Group		
	Lifetime ECL (not credit-impaired) S$'000	Lifetime ECL (credit-impaired) S$'000	**Total S$'000**
Balance at 1 April 2021	2,729	1,856	**4,585**
Allowance for ECL for the financial year, net	3,900	89	**3,989**
Disposal of subsidiaries	(12)	-	**(12)**
Currency realignment	87	(16)	**71**
Balance at 31 March 2022	6,704	1,929	**8,633**
Balance at 1 April 2020	2,335	2,388	4,723
Allowance for ECL for the financial year, net	360	104	464
Amount utilised	-	(459)	(459)
Currency realignment	34	(177)	(143)
Balance at 31 March 2021	2,729	1,856	4,585

Other receivables

As at 31 March 2022, a specific allowance of S$1,120,000 (2021: S$635,000) for ECL were provided against other receivables.

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

For purpose of impairment assessment, the other receivables of the Group are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition, except for the other receivables due from the Associate as at 31 March 2022, which was assessed individually due to significant increase in credit risk (Note 37(d)). For the purpose of impairment assessment for receivables with low credit risk, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the expected credit losses for these receivables, management has taken into account the historical default experience and the financial position of the counterparties and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

19. Short-term investments

	The Group	
	2022	2021
	S$'000	S$'000
Investment in quoted equity shares	**729**	1,291

The investment in quoted equity shares are held for trading which have no fixed maturity date or coupon rate. The fair value of the quoted equity shares was based on the quoted closing market price on the last market day of a reporting period.

20. Bank balances, deposits and cash

The carrying amounts of bank balances, deposits and cash approximate their fair values.

21. Trade and other payables

	The Group		The Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Trade payables:				
Third parties	**190,769**	194,809	**-**	-
Associates	**14,647**	17,756	**-**	-
Other payables:				
Third parties	**39,719**	59,998	**121**	173
Ultimate holding company	**833**	350	**-**	-
Associates	**172**	172	**-**	-
Subsidiaries	**-**	-	**21,894**	28,421
Accrued charges	**56,711**	63,337	**2,980**	2,486
	302,851	336,422	**24,995**	31,080

Trade payables have credit terms of up to 120 days (2021: 120 days).

The amounts due to ultimate holding company and subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

22. Contract liabilities

Contract liabilities are mainly advance payment received from customers. The amount of revenue recognised in the current reporting period which relates to brought-forward contract liabilities is S$8,910,000 (2021: S$8,004,000).

23. Lease liabilities

The maturity analysis of lease liabilities of the Group and the Company are as follows:

	The Group		The Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Contractual undiscounted cash flows:				
Within one year	**13,481**	12,364	**403**	403
After one year but within two years	**10,544**	8,050	**32**	403
After two years but within five years	**14,898**	17,155	**-**	32
After five years	**25,468**	14,898	**-**	-
	64,391	52,467	**435**	838
Less: Future interest expense	**(11,446)**	(7,452)	**(7)**	(27)
Present value of lease liabilities	**52,945**	45,015	**428**	811
Analysed as:				
Current	**11,264**	10,490	**396**	383
Non-current	**41,681**	34,525	**32**	428
	52,945	45,015	**428**	811

The Group's lease liabilities of S$1,202,000 (2021: S$1,879,000) are secured over certain right-of-use assets (Note 11).

The initial lease terms ranged between one year ten months and fifteen years (2021: one year and fifteen years).

The total cash outflow for leases amounted to S$13,671,000 (2021: S$12,212,000).

24. Derivative financial instruments

	The Group		The Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Current assets				
Forward foreign exchange contracts	**165**	-	**-**	-
Current liabilities				
Forward foreign exchange contracts	**19**	1,035	**-**	-
Forward commodity contracts	**-**	52	**-**	-
Interest rate swaps	**-**	146	**-**	146
	19	1,233	**-**	146

24. Derivative financial instruments (cont'd)

Forward foreign exchange contracts

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

As at 31 March 2022, major terms of the forward foreign exchange contracts were as follows:

Aggregate notional amount	Maturity	Exchange rate
Sell USD 17,500,000	27 April 2022 to 30 December 2022	USD/RMB 6.3660 to 6.5108

As at 31 March 2021, major terms of the forward foreign exchange contracts were as follows:

Aggregate notional amount	Maturity	Exchange rate
Sell USD 70,200,000	12 April 2021 to 30 November 2021	USD/RMB 6.5000 to 6.6190

Forward commodity contracts

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

As at 31 March 2021, major terms of contract were as follows:

Commodity	Quantity	Maturity	Commodity price
	metric tonnes		*per metric tonne*
Nickel	40	1 May 2021	US$17,000

Interest rate swaps

The Group and the Company uses interest rate swaps ("IRS") to manage its interest rate exposures.

During the financial year ended 31 March 2019, the Group and the Company used IRS (the "Hedging IRS") to hedge part of the interest rate exposures arising from its S$150,000,000 floating rate term loan (the "Floating Rate Loan") obtained by the Company during the financial year ended 31 March 2019. The notional amount of each of these Hedging IRS will reduce proportionally according to the repayment schedule of the Floating Rate Loan. These Hedging IRS were designated as cash flow hedging instruments. In March 2021, the final instalment of the Floating Rate Loan was fully prepaid ahead of its due date. As the Hedging IRS were not settled upon prepayment of the Floating Rate Loans, the Hedging IRS were re-designated as speculative IRS (the "Speculative IRS") as at 31 March 2021.

The Speculative IRS matured during the financial year ended 31 March 2022.

As at 31 March 2021, major terms of the Speculative IRS were as follows:

Notional amount	Maturity	Receive floating	Pay fixed
S$'000			
10,200	24 May 2021	3-month S$ Swap Offer Rate ("SOR")	2.155%
10,200	24 May 2021	3-month S$ SOR	2.270%
10,200	24 May 2021	3-month S$ SOR	2.110%

25. Bank and other loans

	The Group		The Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Current liabilities				
Secured				
Current portion of motor vehicle loan	**3**	35	**3**	35
Unsecured				
Current portion of long-term bank loans (note a, d)	**86,470**	69,939	**56,257**	20,182
Short-term bank loans (note d)	**343,896**	310,042	**40,320**	38,700
Short-term other interest-free loans (note c)	**-**	1,404	**-**	-
Import and export loans	**31,242**	29,771	**-**	-
	461,611	411,191	**96,580**	58,917
Non-current liabilities				
Secured				
Motor vehicle loan	**-**	3	**-**	3
Unsecured				
Long-term bank loans due after one year (note a, d)	**99,823**	150,193	**66,759**	120,377
	99,823	150,196	**66,759**	120,380
	561,434	561,387	**163,339**	179,297

Note:

a) Long-term bank loans of the Group and the Company are stated net of unamortised transaction costs, which amounted to S$793,000 (2021: S$68,000) for the current portion and S$441,000 (2021: S$2,123,000) for the non-current portion.

b) As at 31 March 2022, there was no incidence of non-compliance with the financial covenants committed under various loan facility agreements. As at 31 March 2021, a subsidiary operating in Malaysia was not able to comply with certain financial covenants committed under certain loans with aggregate outstanding principal of S$11,380,000 due to two financial institutions. The subsidiary had obtained letter of indulgence or waiver for the financial year ended 31 March 2021 before 31 March 2021 to waive such non-compliance.

c) During the financial year ended 31 March 2021, certain subsidiaries operating in the United States of America ("USA") were granted bank loans under the PPP, with an aggregate outstanding balance of S$1,404,000 as at 31 March 2021 (the "PPP Loans"). The PPP Loans were unsecured and non-interest bearing. The PPP is part of the COVID-19 relief measures established by the USA government pursuant to which bank loans were granted to qualifying businesses based on the average monthly payroll expenses of the qualifying business. During the financial year, the relevant authority approved part of the PPP Loans that were used for eligible purposes and met the conditions for forgiveness and accordingly were forgiven, while part of the PPP Loans which did not meet the conditions for forgiveness were repaid.

25. Bank and other loans (cont'd)

d) During the year, the Group commenced transitioning of some of its United States Dollar London Inter-Bank Offer Rate ("USD LIBOR") bank borrowings to Secured Overnight Financing Rate ("SOFR"). Save for the credit spread adjustment added to certain loans after their transitioning, no other terms were amended as part of the transition. The Group accounted for the change to SOFR using the practical expedient introduced by the Phase 2 amendments as the Group considered this change was made as a direct consequence of the reform and on an economically equivalent basis, which allows the Group to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate. Refer to Notes 34 and 37(e).

As at 31 March 2022, bank loans of the Company amounting to S$135,500,000 (2021: S$153,000,000) were guaranteed by certain subsidiaries of the Company.

Reconciliation of liabilities arising from financing activities

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

	Note	At 1 April 2021	Financing cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Net lease liabilities additions	Non-cash changes: Others	Amortisation of transaction costs	**At 31 March 2022**
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	**S$'000**
Lease liabilities	23	45,015	(11,770)[1]	1,168	21,086	(2,554)[3]	-	**52,945**
Bank and other loans	25	561,387	(4,045)[2]	4,450	-	(1,315)[4]	957	**561,434**
		606,402	(15,815)	5,618	21,086	(3,869)	957	**614,379**

	Note	At 1 April 2020	Early adoption of amendment to SFRS(I) 16	Financing cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Net lease liabilities additions	Transaction costs paid, net of amortisation	At 31 March 2021
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Lease liabilities	23	21,802	251	(10,679)[1]	(121)	33,762	-	45,015
Bank and other loans	25	529,453	-	45,675[2]	(12,621)	-	(1,120)	561,387
		551,255	251	34,996	(12,742)	33,762	(1,120)	606,402

(1) Being repayment of principal element of lease liabilities in the consolidated statement of cash flows.

25. Bank and other loans (cont'd)

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

	2022	2021
	S$'000	S$'000
Drawdown of bank and other loans	**78,585**	190,608
Repayment of bank and other loans	**(82,630)**	(144,933)
	(4,045)	45,675

[(3)] Being lease liabilities derecognised upon disposal of subsidiaries.

[(4)] Being loans under PPP waived.

26. Provision for restructuring

	The Group	
	2022	2021
	S$'000	S$'000
Balance at beginning of the financial year	**17,318**	18,369
Write-back of provision for the financial year	**(13,056)**	-
Currency realignment	**(12)**	(1,051)
Balance at end of the financial year	**4,250**	17,318
Current	**4,250**	-
Non-current	**-**	17,318

The provision for restructuring are costs expected to be incurred in connection with the relocation of part of GPEHZ's operations to Thailand and part to a new location in PRC. As at 31 March 2022, the provision is presented as current liabilities as GPEHZ had relocated the remaining operations in PRC to a new location at Dongjiang, Huizhou, PRC in May 2022. In addition, excess restructuring provision of S$13,056,000 was written back during the financial year.

27. Deferred tax assets and deferred tax liabilities

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

	Accelerated tax depreciation S$'000	Revaluation of investment property S$'000	Tax losses S$'000	Other temporary differences, net S$'000	**Total S$'000**
The Group					
Deferred tax assets					
Balance at 1 April 2021	2,013	-	361	2,438	**4,812**
Credit to profit or loss for the financial year	64	-	615	403	**1,082**
Currency realignment	25	-	(1)	19	**43**
Balance at 31 March 2022	2,102	-	975	2,860	**5,937**
Balance at 1 April 2020	1,846	-	270	1,717	3,833
Credit to profit or loss for the financial year	99	-	79	795	973
Currency realignment	68	-	12	(74)	6
Balance at 31 March 2021	2,013	-	361	2,438	4,812
Deferred tax liabilities					
Balance at 1 April 2021	804	372	-	8,875	**10,051**
Charge to profit or loss for the financial year	68	-	-	617	**685**
Currency realignment	(37)	(1)	-	108	**70**
Balance at 31 March 2022	835	371	-	9,600	**10,806**
Balance at 1 April 2020	567	167	-	6,467	7,201
Charge to profit or loss for the financial year	273	218	-	2,609	3,100
Currency realignment	(36)	(13)	-	(201)	(250)
Balance at 31 March 2021	804	372	-	8,875	10,051

As at 31 March 2022, subsidiaries of the Group had potential tax benefits of approximately S$59,457,000 (2021: S$56,055,000) arising from unutilised tax losses, unabsorbed wear and tear allowances and other temporary differences, which were available for set off against future taxable profits. These potential tax benefits were not recognised in the financial statements due to the uncertainty of its recoverability. The use of these potential tax benefits is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Unutilised tax losses include losses of S$29,687,000 (2021: S$31,553,000) for subsidiaries operating in certain foreign tax jurisdiction that will expire within five years.

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

At as 31 March 2022, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries and associates for which deferred tax liabilities have not been recognised was S$105,576,000 (2021: S$111,238,000). No deferred tax liability has been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

28. Issued capital, treasury shares and dividends

a) Issued capital

	Group and Company			
	2022	2021	**2022**	2021
	Number of ordinary shares		**S$'000**	S$'000
Issued and fully paid up:				
At beginning and end of the financial year	**521,358,482**	521,358,482	**286,307**	286,307

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

b) Treasury shares

	Group and Company			
	2022	2021	**2022**	2021
	Number of ordinary shares		**S$'000**	S$'000
At beginning of the financial year	**37,311,800**	37,311,800	**20,865**	20,865
On-market purchases	**203,200**	-	**113**	-
At end of the financial year	**37,515,000**	37,311,800	**20,978**	20,865

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

During the financial year, the Company purchased 203,200 of its Shares by way of on-market purchases at share prices ranging from S$0.550 to S$0.560.

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

c) Dividends

	Group and Company	
	2022	2021
	S$'000	S$'000
i) Dividend paid during the financial year is as follows:		
Interim tax-exempt (1-tier) dividend of 1.25 Singapore cents ("S cents") per Share for the financial year ended 31 March 2022	**6,048**	-
ii) Dividend proposed before these financial statements was authorised and not included as liabilities in these financial statements is as follows:		
Final tax-exempt (1-tier) dividend of 2.00 S cents per Share for the financial year ended 31 March 2022 (2021: Nil)	**9,677**	-

29. Lease commitments

The Group as lessee

As at 31 March 2022, the Group has approximately S$130,000 (2021: S$47,000) of aggregate undiscounted commitments for short-term leases.

The Group as lessor

The Group rents out certain of its properties under operating leases.

Maturity analysis of operating lease payments:

	The Group	
	2022	2021
	S$'000	S$'000
Within one year	**29**	146
In the second year	**-**	146
In the third year	**-**	146
In the fourth year	**-**	43
	29	481

30. Capital commitments

	The Group		The Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Capital expenditure:				
Commitments for the acquisition of property, plant and equipment	**9,613**	3,335	**-**	-

31. Contingent liabilities (unsecured)

	The Group		The Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Guarantees given to certain banks in respect of banking facilities utilised by subsidiaries	**-**	-	**268,000**	240,861
Others	**2,226**	2,161	**-**	-

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

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

32. Segment information

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

Batteries

The batteries business manufactures, develops and markets batteries and battery-related products.

Electronics and acoustics

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

Other industrial investments

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

Automotive wire harness

The Group manufactures and sells automotive wire harness products. During the year, the Group disposed of the automotive wire harness business with effect from 31 August 2021. Consequent to the disposal, the results of the automotive wire harness business is reported as a discontinued operation with comparative information re-presented accordingly.

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

32. Segment information (cont'd)

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

a) Operating segments

	Batteries S$'000	Electronics and acoustics S$'000	Other industrial investments S$'000	Elimination S$'000	**Total S$'000**
2022					
Revenue					
Continuing operations					
External revenue	940,909	281,840	-	-	**1,222,749**
Inter-segment revenue	79	351	-	(430)	**-**
Total revenue	940,988	282,191	-	(430)	**1,222,749**
Results					
Continuing operations					
Contribution before taxation	(8,483)	36,447	28,645	-	**56,609**
Other information					
Continuing operations					
Interest income	430	1,866	-	-	**2,296**
Finance costs	11,665	2,668	-	-	**14,333**
Share of results of associates	2,596	14,424	32,526	-	**49,546**
Depreciation and amortisation	34,535	11,303	-	-	**45,838**
Allowance for (write-back of) inventory obsolescence and write-off of inventory, net	567	(128)	-	-	**439**
(Loss) Gain on disposal of property, plant and equipment, net	(20)	37	-	-	**17**
Allowance for expected credit losses, net	4,468	51	-	-	**4,519**
Closure and relocation costs	13,271	1,660	-	-	**14,931**
Allowance for impairment loss on interest in an associate	10,380	-	-	-	**10,380**

32. Segment information (cont'd)

	Batteries S$'000	Electronics and acoustics S$'000	Other industrial investments S$'000	Elimination S$'000	Total S$'000
2021					
Revenue					
Continuing operations					
External revenue	945,624	202,884	-	-	1,148,508
Inter-segment revenue	7	4	-	(11)	-
Total revenue	945,631	202,888	-	(11)	1,148,508
Results					
Continuing operations					
Contribution before taxation	26,255	5,800	29,491	-	61,546
Other information					
Continuing operations					
Interest income	808	1,681	-	-	2,489
Finance costs	12,498	1,546	-	-	14,044
Share of results of associates	8,295	8,457	25,722	-	42,474
Depreciation and amortisation	30,394	10,126	-	-	40,520
Impairment loss on property, plant and equipment	2,362	-	-	-	2,362
Impairment loss on right-of-use assets	1,340	-	-	-	1,340
Allowance for inventory obsolescence and write-off of inventory, net	551	202	-	-	753
Gain on disposal of property, plant and equipment, net	2,449	23	-	-	2,472
Allowance for expected credit losses, net	439	107	-	-	546
Closure and relocation costs	4,953	-	-	-	4,953
Allowance for impairment loss on interest in an associate	108	-	-	-	108

32. Segment information (cont'd)

	Batteries S$'000	Electronics and acoustics S$'000	Automotive wire harness S$'000	Other industrial investments S$'000	Elimination S$'000	**Total S$'000**
2022						
Assets and liabilities						
Assets	1,013,335	322,142	-	186,096	(4,481)	**1,517,092**
Liabilities	634,989	185,658	-	12	(4,481)	**816,178**
Other information						
Interest in associates	48,296	64,530	-	186,066	-	**298,892**
Additions to property, plant and equipment	42,951	9,131	75	-	-	**52,157**
Additions to right-of-use assets	22,130	18,703	2,625	-	(17,458)	**26,000**
2021						
Assets and liabilities						
Assets	1,056,207	316,985	26,866	188,487	(96,711)	1,491,834
Liabilities	691,878	223,682	10,662	9	(96,711)	829,520
Other information						
Interest in associates	59,019	56,843	-	188,454	-	304,316
Additions to property, plant and equipment	77,971	2,267	203	-	-	80,441
Additions to right-of-use assets	24,317	9,935	-	-	-	34,252

32. **Segment information (cont'd)**

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

	2022	2021
	S$'000	S$'000
Results		
Continuing operations		
Contribution before taxation per reportable segments	**56,609**	61,546
Unallocated finance costs, net	**(4,998)**	(5,295)
Taxation	**(6,738)**	(13,668)
Share of taxation of associates	**(7,240)**	(13,908)
Taxation attributable to non-controlling interests' share of results	**678**	1,797
Profit attributable to equity holders of the Company	**38,311**	30,472
Interest income		
Continuing operations		
Per reportable segments	**2,296**	2,489
Unallocated interest income	**1**	14
Per consolidated financial statements	**2,297**	2,503
Finance costs		
Continuing operations		
Per reportable segments	**14,333**	14,044
Unallocated finance costs	**4,999**	5,309
Per consolidated financial statements	**19,332**	19,353
Assets		
Per reportable segments	**1,517,092**	1,491,834
Other unallocated assets	**9,774**	9,541
Per consolidated financial statements	**1,526,866**	1,501,375
Liabilities		
Per reportable segments	**816,178**	829,520
Unallocated bank loans and lease liabilities	**124,204**	140,765
Other unallocated liabilities	**18,876**	20,715
Per consolidated financial statements	**959,258**	991,000

32. Segment information (cont'd)

b) Geographical information

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

	2022	2021
	S$'000	S$'000
Singapore	**13,640**	8,499
PRC	**485,496**	473,414
Other Asian countries	**74,465**	72,160
Asia	**573,601**	554,073
Germany, Netherlands, Russia and United Kingdom	**154,730**	138,346
Other European countries	**205,671**	197,736
Europe	**360,401**	336,082
United States of America	**271,763**	237,644
Other American countries	**22,372**	36,603
Americas	**294,135**	274,247
Others	**9,146**	17,699
Less: discontinued operations	**(14,534)**	(33,593)
Revenue from continuing operations	**1,222,749**	1,148,508

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

	2022	2021
	S$'000	S$'000
Singapore	**817**	1,349
PRC	**666,328**	631,075
Other Asian countries	**89,720**	96,824
Europe	**6,741**	18,023
Americas and others	**9,589**	5,966
	773,195	753,237

Non-current assets comprise property, plant and equipment, right-of-use assets, interest in associates, deposits and prepayments and intangible assets.

c) No customer individually contributed more than 10% of the Group's revenue for the financial years ended 31 March 2022 and 2021.

33. Related party transactions, commitments and balances

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

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

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

	The Group			
	Associates		Related companies	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Sales	**25,670**	24,701	**-**	10
Purchases	**(71,196)**	(82,884)	**-**	-
Rental income	**267**	392	**133**	50
Royalty income	**204**	234	**-**	-
Outsourcing fee	**(211)**	(337)	**-**	-
Consultancy fee	**(171)**	(247)	**-**	-
Rental commitments as lessor under non-cancellable operating leases	**29**	481	**-**	-

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

	The Group		The Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Associates	**4,858**	4,299	**1,826**	1,009
Subsidiaries	**-**	-	**9,259**	20,994
	4,858	4,299	**11,085**	22,003

The remuneration of the directors and key management personnel is as follows:

	The Group	
	2022	2021
	S$'000	S$'000
Short-term benefits (including directors' fees)	**9,219**	8,248
Post-employment benefits	**349**	241
	9,568	8,489

34. Adoption of new and revised standards

During the financial year, the Group has adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations and effective for the Company's annual period beginning on or after 1 April 2021. The adoption of these new / revised SFRS(I) pronouncements does not result in any substantial change to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years, except as disclosed below.

Interest Rate Benchmark Reform – Phase 2

The Group has adopted the Phase 2 amendments *Interest Rate Benchmark Reform: Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16*. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates ("IBOR") to alternative benchmark interest rates (also referred to as 'risk-free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments are to be applied retrospectively. However, restatement of comparative periods is not required. Since the Group had no transactions for which the benchmark interest rates had been replaced with an alternative benchmark rate as at 31 March 2021, there is no impact on opening equity balances as a result of retrospective application.

As a result of the Phase 2 amendments:

- when the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of *SFRS(I) 9* are applied to the other changes. See Note 25 for further details regarding transitioning to the SOFR based interest rates;

- when a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the group remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows; and

- when changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship and, in the case of a cash flow hedge, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark interest rates on which the hedged future cash flows are determined.

Note 37(e) provides the required disclosures related to these amendments.

35. New and revised financial reporting standards

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements that are relevant to the Group and the Company were issued but not effective:

- Amendments to SFRS(I) 3 *Business Combinations*: *Reference to the Conceptual Framework* [(1)]
- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment*: *Property, Plant and Equipment-Proceeds before Intended Use* [(1)]
- Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*: *Onerous Contracts-Cost of Fulfilling a Contract* [(1)]
- Annual Improvements to SFRS(I)s 2018-2020 [(1)]
- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current* [(2)]
- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) Practice Statement 2 *Making Materiality Judgements*: *Disclosure of Accounting Policies* [(2)]
- Amendments to SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*: *Definition of Accounting Estimates* [(2)]
- Amendments to SFRS(I) 1-12 *Income Taxes*: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* [(2)]
- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures*: *Sale or Contribution of Assets between Investor and its Associate or Joint Venture* [(3)]

[(1)] Applies to annual periods beginning on or after 1 January 2022.
[(2)] Applies to annual periods beginning on or after 1 January 2023.
[(3)] Effective date not yet announced.

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

36. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical Judgements in Applying the Group's Accounting Policies

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

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

Key Sources of Estimation Uncertainty

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

<u>*Impairment of Property, Plant and Equipment and Right-of-Use Assets*</u>

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss. Details of the carrying amount of property, plant and equipment and right-of-use assets are stated in Notes 10 and 11 respectively.

<u>*Impairment of the Company's Interest in Subsidiaries and Associates*</u>

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

<u>*Impairment Assessment on Interest in the Associate which is engaged in trading of battery-related products in Russia and ECL on Trade and Other Receivables due from the Associate*</u>

Arising from current geopolitical situation, the Group has obtained legal opinions on the impact of sanctions in relation to Russia in respect of the Group's relationship with the Associate.

The management considers that as at 31 March 2022, there was an indication of impairment of the Group's interest in the Associate and that there was a significant increase in credit risk in respect of the trade and other receivables due from the Associate. Accordingly, management of the Group appointed the Valuer and conducted an impairment assessment on the interest in the Associate and had individually assessed the ECL on the trade and other receivables due from the Associate.

Based on management's assessment, the Group recognised a full impairment loss of S$10,380,000 against the entire gross carrying value of the interest in the Associate and an ECL provision of S$3,738,000 was made on the trade and other receivables due from the Associate. Details of the above assessments are disclosed in Notes 13 and 37(d).

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

Allowance for ECL

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 18 and 37(d).

Impairment of Goodwill

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

Allowance for Inventory Obsolescence

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

Income Taxes

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

As at 31 March 2022, the carrying amounts of taxation recoverable of the Group is S$3,837,000 (2021: S$4,729,000). The carrying amounts of income tax payable of the Group and the Company are S$8,070,000 (2021: S$10,664,000) and S$246,000 (2021: S$411,000) respectively. The carrying amounts of deferred tax assets and deferred tax liabilities are stated in Note 27.

37. Financial instruments, financial risk and capital risk management

a) Categories of financial instruments

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

	The Group		The Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Financial assets				
Financial assets at FVTOCI	**6,739**	1,968	**-**	-
Financial assets at FVTPL	**729**	1,291	**-**	-
Derivative financial instruments	**165**	-	**-**	-
Financial assets at amortised cost	**453,980**	496,221	**81,075**	75,785
Financial liabilities				
Derivative financial instruments	**19**	1,233	**-**	146
Financial liabilities at amortised cost	**918,464**	945,015	**189,996**	213,379

b) Financial risk management policies and objectives

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

The risks associated with the Group's major financial instruments include equity price risk, credit risk, interest rate risk, foreign currency risk and liquidity risk. The policies on how to manage these risks are set out in this Note 37.

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

c) Equity price risk management

As at 31 March 2022 and 2021, the Group is exposed to equity price risk arising from investment in equity shares classified as financial assets at FVTOCI and short-term investments. Further details of these investments can be found in Notes 14 and 19.

Equity price sensitivity for financial assets at FVTOCI

If the quoted price or inputs to the valuation model had been 5% higher or lower, while all other variables were held constant, the Group's fair value reserve at 31 March 2022 would increase or decrease by S$346,000 (2021: S$136,000).

Equity price sensitivity for short-term investments

If the quoted price had been 5% higher or lower, while all other variables were held constant, the Group's profit or loss for the financial year would increase or decrease by S$36,000 (2021: S$65,000).

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

d) Credit risk management

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

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets except for the loan receivable from the non-controlling interests of a subsidiary which is secured (see Note 15).

In addition, in assessing counterparty's risk, the Group also takes into consideration the possible impact of other significant events or factors which are not directly related to the credit worthiness of the debtor but may ultimately adversely affect the Group's collection of the receivables.

Trade receivables

In order to minimise the credit risk, the directors of the Company have delegated the management to be responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group uses an internal credit rating system to assess the potential customer's credit quality and defines credit limits by customer. Limits and rating attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on a collective basis.

The Group does not have any significant concentration of credit risk over trade receivables. Trade receivables consist of a large number of customers and spread across diverse industries.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. As at 31 March 2022, credit-impaired trade receivables (excluding trade receivables from the Associate) with gross carrying amount of S$2,280,000 (2021: S$2,158,000) were assessed individually and a loss allowance of S$1,929,000 (2021: S$1,856,000) was recorded for high risk customers. High risk represents there is evidence indicating the asset is credit-impaired.

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

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on a collective basis within lifetime ECL (not credit-impaired). As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Internal credit rating	Gross trade receivables S$'000	Range of loss rates %	ECL S$'000	**Net trade receivables S$'000**
31 March 2022				
Very low risk *	100,498	0.01 to 0.29	151	**100,347**
Low risk	22,248	0.30 to 1.00	185	**22,063**
Average risk	52,729	1.01 to 3.50	1,091	**51,638**
Moderate risk	10,173	3.51 to 50.00	1,801	**8,372**
	185,648		3,228	**182,420**
31 March 2021				
Very low risk *	124,067	0.01 to 0.29	146	123,921
Low risk	21,157	0.30 to 1.00	161	20,996
Average risk	61,295	1.01 to 3.50	2,031	59,264
Moderate risk	5,343	3.51 to 50.00	391	4,952
	211,862		2,729	209,133

* Included bills receivables amounting to S$4,675,000 (2021: S$5,166,000).

Internal credit rating definition:

"Very low risk" The counterparty has a very low risk of default due to strong financial background and a prompt payment pattern.

"Low risk" The counterparty has a low risk of default with strong financial background but occasionally repays after due dates.

"Average risk" Debtor frequently repays after due dates but usually settle in full.

"Moderate risk" There have been significant increases in credit risk since initial recognition through information developed internally or external resources.

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

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

Trade and other receivables due from the Associate

As at 31 March 2022, the management had individually assessed the ECL of the trade and other receivables due from the Associate amounting to S$10,810,000, which comprise trade receivables of S$10,051,000 and non-trade receivables of S$759,000. Management had considered that due to the current geopolitical situation and sanctions on Russia, there was a significant increase in credit risk in the trade and other receivables due from the Associate. Management had appointed the Valuer to assist in the estimation of the ECL provision of the trade and other receivables due from the Associate by determining an appropriate probability of default rate, forward-looking adjustments and the estimated loss given default rate, based on market available information. Based on the results of the assessment, an ECL provision of S$3,476,000 and S$262,000 was made on the trade and other receivables due from the Associate respectively.

Other receivables

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

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

Bank balances

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

e) Interest rate risk management

The interest rate risk exposure of the Group mainly arises from its interest bearing debts and interest bearing assets, which are substantially bearing interest at floating rates. The Group considers, where appropriate, to use derivative financial instruments to mitigate the financial impact associated with interest rates fluctuations relating to certain actual or forecasted transactions. Information about the Group's IRS arrangements are disclosed in Note 24.

The Group is exposed to variable interest rates arising from borrowings denominated in various currencies such as Singapore dollars, Hong Kong dollars and United States dollars. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

Risk arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition.

- Interest rate basis risk: If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of existing interest rate benchmarks, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and is not captured by the Group's interest rate risk management strategy.

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

- Liquidity risk: There are fundamental differences between existing interest rate benchmarks and the various alternative benchmark rates which the Group will be adopting. The existing interest rate benchmarks are forward-looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

Interest rate benchmark transition for non-derivative financial instruments

The following table summarises the major non-derivative financial instruments held by the Group and the Company which have not yet transitioned to new benchmark rates.

	The Group		
	SOR Carrying amount S$'000	SIBOR[(1)] Carrying amount S$'000	USD LIBOR Carrying amount S$'000
31 March 2022			
Bank loans	106,750	24,400	5,638

	The Company		
	SOR Carrying amount S$'000	SIBOR[(1)] Carrying amount S$'000	USD LIBOR Carrying amount S$'000
31 March 2022			
Bank loans	106,750	21,100	-
Amount receivable from a subsidiary linked to SOR	32,000	-	-

[(1)] SIBOR stands for Singapore Interbank Offered Rate.

As at 31 March 2022, bank loans of the Group amounted to S$8,117,000 has completed the transition to the new benchmark rates.

Interest rate benchmark transition for derivative financial instruments

As at 31 March 2022, the Group and the Company did not have any outstanding derivative financial instruments which were used to hedge interest rate risks.

Interest rate sensitivity analysis

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

i) consolidated interest income for the financial year would increase or decrease by S$28,000 (2021: S$36,000).

ii) consolidated finance costs for the financial year would increase or decrease by S$3,011,000 (2021: S$2,672,000).

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

f) Foreign currency risk management

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

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

	The Group	
	2022	2021
	S$'000	S$'000
Euro	**1,647**	1,442
Hong Kong dollar	**57,789**	58,019
Malaysian Ringgit	**(7,312)**	(11,012)
Renminbi	**(3,876)**	(2,713)
Singapore dollar	**(223)**	13,837
United States dollar	**(2,953)**	(20,906)

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

	The Company	
	2022	2021
	S$'000	S$'000
Hong Kong dollar	**18,899**	11,142
United States dollar	**2,046**	1,209

If the respective functional currency of the Company and its subsidiaries strengthens or weakens by 5% (2021: 5%) against the following major relevant foreign currencies with all other variables held constant, the Group would record additional exchange gain (loss) as follows:

	The Group			
	2022		2021	
	Strengthen	**Weaken**	Strengthen	Weaken
	S$'000	**S$'000**	S$'000	S$'000
Euro	**(86)**	**86**	(72)	72
Hong Kong dollar	**(3,216)**	**3,305**	(2,873)	2,924
Malaysian Ringgit	**366**	**(366)**	551	(551)
Renminbi	**194**	**(194)**	125	(125)
Singapore dollar	**11**	**(11)**	(704)	704
United States dollar	**108**	**(108)**	1,016	(1,016)

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

If the functional currency of the Company strengthens or weakens by 5% (2021: 5%) against the following major relevant foreign currencies with all other variables held constant, the Company would record additional exchange gain (loss) as follows:

	The Company			
	2022		2021	
	Strengthen	**Weaken**	Strengthen	Weaken
	S$'000	**S$'000**	S$'000	S$'000
Hong Kong dollar	**(900)**	**995**	(531)	586
United States dollar	**(102)**	**102**	(60)	60

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

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

g) Liquidity risk management

As at 31 March 2022, the Group's and the Company's current liabilities exceeded its current assets by S$69,179,000 and S$61,463,000 respectively (2021: S$52,476,000 and S$46,995,000 respectively). The net current liabilities position of the Group and the Company arose mainly due to the current portion of the long term bank loans and the lease liabilities which are due to mature in the next 12 months. The Group's net current liabilities position was also due to short-term borrowing and cash used to fund capital expenditure by subsidiaries when raising long-term borrowing is costly or not preferred.

The Group and the Company finance its operations by a combination of borrowings and equity. Adequate lines of credit are maintained to ensure the necessary liquidity is available when required. There are measures to monitor compliance with existing loan covenants imposed by the banks. The Group and the Company closely monitors their compliance with financial covenants and undertakings to identify any potential covenant issues and obtain waivers where necessary.

In preparing the consolidated financial statements, the management and Board of Directors have given careful consideration to the future liquidity of the Group in light of these circumstances. After considering the cash flow projection up to June 2023 prepared by management, which took into consideration the internally generated funds, continued support from the Group's existing bankers in providing banking and other credit facilities and the available banking facilities, the Board of Directors has concluded that the Group and the Company will have sufficient financial resources to manage its liquidity risk for at least the next twelve months up to June 2023. As at the date of authorisation of these financial statements, the Group has available uncommitted credit facilities of approximately S$390,266,000.

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

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

	The Group					
	Weighted average effective interest rate %	On demand or within 1 year S$'000	Within 2 to 5 years S$'000	More than 5 years S$'000	Adjustments S$'000	**Total S$'000**
31 March 2022						
Non-interest bearing		302,851	-	-	-	**302,851**
Lease liabilities	4.7	13,481	25,442	25,468	(11,446)	**52,945**
Variable interest rate instruments	3.1	472,462	105,151	-	(14,945)	**562,668**
		788,794	130,593	25,468	(26,391)	**918,464**
31 March 2021						
Non-interest bearing		337,826	-	-	-	337,826
Lease liabilities	4.6	12,364	25,205	14,898	(7,452)	45,015
Variable interest rate instruments	2.9	414,087	167,929	-	(19,842)	562,174
		764,277	193,134	14,898	(27,294)	945,015

	The Company				
	Weighted average effective interest rate %	On demand or within 1 year S$'000	Within 2 to 5 years S$'000	Adjustments S$'000	**Total S$'000**
31 March 2022					
Non-interest bearing		24,995	-	-	**24,995**
Lease liabilities	3.3	403	32	(7)	**428**
Variable interest rate instruments	3.3	100,295	68,694	(4,416)	**164,573**
Financial guarantee contracts		268,000	-	(268,000)	**-**
		393,693	68,726	(272,423)	**189,996**
31 March 2021					
Non-interest bearing		31,080	-	-	31,080
Lease liabilities	3.3	403	435	(27)	811
Variable interest rate instruments	2.9	59,926	130,909	(9,347)	181,488
Financial guarantee contracts		240,861	-	(240,861)	-
		332,270	131,344	(250,235)	213,379

Liabilities pertaining to financial guarantee contracts are the Company's contingent liabilities arising from guarantees given to banks (Note 31).

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

h) Capital risk management

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

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

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

The Group's overall strategy remains unchanged from the financial year ended 31 March 2021. The Group and the Company were in compliance with externally imposed capital requirements which include PRC legal requirement to set aside a legal reserve as at 31 March 2022 and 2021.

The Group and the Company closely monitors their compliance with financial covenants and undertakings required by certain financial institutions for the loans and banking facilities granted to the Group and the Company. As at 31 March 2022, the Group and the Company complied with all the financial covenants and undertakings. As at 31 March 2021, the Group and the Company complied with all the financial covenants and undertakings except for certain financial covenants of a subsidiary committed under certain loans with two financial institutions which the subsidiary had obtained letter of indulgence or waiver for the financial year ended 31 March 2021 before 31 March 2021 to waive such non-compliance (Note 25).

i) Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities approximate their respective carrying amounts recorded in the financial statements, determined in accordance with the accounting policies disclosed in Note 2.

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

	The Group			
	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	**Total S$'000**
31 March 2022				
Financial assets				
Financial assets at FVTOCI	-	-	6,739	**6,739**
Financial assets at FVTPL	729	-	-	**729**
Derivative financial instruments	-	165	-	**165**
	729	165	6,739	**7,633**
Financial liabilities				
Derivative financial instruments	-	19	-	**19**

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

	The Group			
	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
31 March 2021				
Financial assets				
Financial assets at FVTOCI	-	-	1,968	1,968
Financial assets at FVTPL	1,291	-	-	1,291
	1,291	-	1,968	3,259
Financial liabilities				
Derivative financial instruments	-	1,233	-	1,233

	The Company			
	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
31 March 2021				
Financial liabilities				
Derivative financial instruments	-	146	-	146

There were no transfers between the different level of fair value hierarchy during the financial years ended 31 March 2022 and 2021.

As at 31 March 2022, the fair value of the investment in unquoted equity shares with an aggregate fair value of S$6,739,000 (2021: S$1,968,000) was arrived by using adjusted net assets approach and market approach as appropriate. The adjusted net assets approach involved assessing separately the fair value of the underlying assets and liabilities of the concerned investment, using appropriate approaches including market approach and cost approach. The fair value of the concerned investment was then derived after adjusting for a marketability discount of 40% (2021: 40%). The market approach derived the fair value of the concerned investment using an enterprise value-to-earnings before interest, tax, depreciation and amortisation multiple of 9.5x (2021: 8.6x), an enterprise value-to-earnings before interest and tax multiple of 11.1x (2021: 10.3x), a price-to-earnings multiple of 11.2x (2021: 13.9x) and a marketability discount of 35% (2021: 35%). The marketability discounts adopted have a negative relationship with the fair value, while the adopted market multiples have a positive relationship with the fair value. When the marketability discounts increase by 1%, the fair value decrease by approximately 1.54% (2021: 2%). If the market multiples increase by 1%, the fair value increases by around 1.19% (2021: 0.5% to 2%).

38. Subsidiaries

Significant subsidiaries of the Group are as follows:

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held 2022 %	2021 %
Batteries segment (5)				
GP Batteries International Limited (a)	Singapore	Manufacture, development and marketing of batteries and battery-related products	**100**	100
Dongguan Chao Ba Batteries Co Ltd (2)	The People's Republic of China	Manufacturing of batteries	**100**	100
GP Batteries (Americas) Inc (b)	United States of America	Marketing and trading in batteries	**100**	100
GP Batteries (China) Limited (7)	The People's Republic of China	Manufacturing of batteries	**-**	100
GP Batteries (Malaysia) Sdn Bhd (b)	Malaysia	Manufacturing of batteries	**100**	100
GP Batteries (Shenzhen) Co., Ltd (2)	The People's Republic of China	Manufacturing of batteries	**100**	100
GP Batteries (U.K.) Limited (h)	England and Wales	Marketing and trading in batteries	**100**	100
GP Batteries (Vietnam) Limited Liability Company (b)	Vietnam	Manufacturing of batteries	**95.00**	95.00
GP Battery Marketing (H.K.) Limited (b)	Hong Kong	Marketing and trading in batteries	**100**	100
GP Battery Marketing (Korea) Limited (h)	South Korea	Marketing and trading in batteries	**100**	100
GP Battery Marketing (Malaysia) Sdn Bhd (h)	Malaysia	Marketing and trading in batteries	**100**	100
GP Battery Marketing (Singapore) Pte Ltd (a)	Singapore	Marketing and trading in batteries	**100**	100
GP Battery (Poland) Sp. z.o.o. (h)	Poland	Marketing and trading in batteries	**100**	100
GP Battery Technology (HK) Limited (b)	Hong Kong	Investment holding	**100**	100

38. Subsidiaries (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held	
			2022	2021
			%	%
GP Energy Tech Limited [3] [6]	Cayman Islands	Investment holding	**100**	-
GP Energy Tech International Pte. Limited [6] [9] [j]	Singapore	Investment holding and trading	**100**	-
GP Energy Tech (Malaysia) Sdn. Bhd. [6] [10]	Malaysia	Manufacturing of batteries	**100**	-
GPI International Limited [b]	Hong Kong	Marketing and trading in batteries	**100**	100
GPPD Pte. Ltd. [a]	Singapore	Investment holding	**70.00**	70.00
GPPD Energy Company Limited [2]	Vietnam	Manufacturing and trading of batteries	**70.00**	70.00
Huizhou Chao Ba Batteries Co Ltd [2]	The People's Republic of China	Marketing and trading in batteries	**90.00**	90.00
Huizhou Modern Battery Limited [2]	The People's Republic of China	Manufacturing of batteries	**100**	100
Ningbo Fubang Battery Co Ltd [i]	The People's Republic of China	Manufacturing of batteries	**72.00**	72.00
Ningbo GP Energy Co., Ltd [i]	The People's Republic of China	Manufacturing of batteries	**90.00**	90.00
Ningbo GP & Sonluk Battery Co., Ltd (formerly known as Ningbo GP Pairdeer Batteries Co. Ltd) [2]	The People's Republic of China	Manufacturing of batteries	**70.00**	70.00
Zhongyin (Ningbo) Battery Co Ltd [2]	The People's Republic of China	Manufacturing of batteries	**70.00**	70.00
Electronics and acoustics segment				
Celestion Music Asia Limited [b]	Hong Kong	Marketing and distribution of acoustic products	**100**	100
Faith Capital Investment Limited [b]	Hong Kong	Investment holding	**100**	100

38. Subsidiaries (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held 2022 %	2021 %
Famingo Pte Ltd [(a)]	Singapore	Investment holding	**100**	100
Fancy Luck Investment Limited [(1) (b)]	Hong Kong	Investment holding	**100**	100
Giant Fair Investment Limited [(1) (b)]	Hong Kong	Investment holding	**100**	100
GP Acoustics GmbH [(1) (c)]	Germany	Marketing and distribution of acoustic and electronic products	**100**	100
GP Acoustics (HK) Limited [(1) (b)]	Hong Kong	Marketing, retailing and distribution of acoustic and electronic products	**100**	100
GP Acoustics International Limited [(1) (b)]	Hong Kong	Investment holding, design, marketing and distribution of acoustic and electronic products	**100**	100
GP Acoustics Limited [(3)]	British Virgin Islands	Investment holding	**100**	100
GP Acoustics (Taiwan) Limited [(1) (3)]	Taiwan	Marketing and distribution of acoustic and electronic products	**100**	100
GP Acoustics (UK) Limited [(1) (b)]	England and Wales	Investment holding, design, marketing and distribution of acoustic and electronic products	**100**	100
GP Acoustics (US), Inc. [(1) (c)]	United States of America	Marketing and distribution of acoustic and electronic products	**100**	100
GP Electronics (China) Limited [(b)]	Hong Kong	Investment holding	**100**	100
GP Electronics (HK) Limited [(b)]	Hong Kong	Marketing and trading of audio products	**100**	100
GP Electronics (Huizhou) Co., Ltd. [(2) (d)]	The People's Republic of China	Manufacturing of acoustic and electronic products	**100**	100
金柏電子有限公司 [(1) (2) (4) (f)]	The People's Republic of China	Marketing and distribution of acoustic and electronic products	**100**	100

38. Subsidiaries (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held	
			2022	2021
			%	%
GP Electronics (SZ) Limited (2) (f)	The People's Republic of China	Development of electronic products	**100**	100
GP Electronics & Acoustics Co., Ltd. (8) (g)	Thailand	Manufacturing and trading of acoustic and electronic products	**51.00**	51.00
GP Global Marketing Corporation (3)	Cayman Islands	Holding of trademarks	**100**	100
GP Global Marketing Limited (1) (b)	Hong Kong	Marketing	**100**	100
GP Marketing Services (Shenzhen) Company Limited (1) (6)	The People's Republic of China	Marketing	**100**	-
GPE International Limited (b)	Hong Kong	Investment holding	**100**	100
KEF Celestion Corporation (3)	Cayman Islands	Holding of trademarks	**100**	100
KEF Japan, Inc. (1) (3)	Japan	Trading of acoustics products	**100**	100
Key Win Industrial Limited (b)	Hong Kong	Investment holding	**100**	100
Nike Enterprises Limited (b)	Hong Kong	Investment holding	**100**	100
Other industrial investments segment				
Bowden Industries Limited (1) (b)	Hong Kong	Investment holding	**100**	100
CIH Limited (a)	Singapore	Investment holding	**100**	100
Automotive wire harness segment				
GP Industries Marketing Limited (7)	Hong Kong	Marketing and trading of automotive wire harness and related products	**-**	100
Huizhou GP Wiring Technology Ltd. (7)	The People's Republic of China	Manufacturing of automotive wire harness, transformers and switching mode power supply	**-**	100

38. Subsidiaries (cont'd)

Note:

(1) Equity interest is held by subsidiaries of the Company.

(2) These subsidiaries, in compliance with their local statutory requirement, adopt 31 December as their financial year end. Such financial year end is not co-terminous with that of the Company. Adjustments are made for the effect of any significant transactions that occur between 1 January and 31 March. A member firm of Deloitte Touche Tohmatsu Limited has audited the financial statements of these subsidiaries for the purposes of the Group's consolidated financial statements for the financial year ended and as at 31 March 2022 ("2022 Consolidated Financial Statements").

(3) The financial statements of these subsidiaries are not audited as there are no statutory audit requirements in their countries of incorporation. The financial statements of these subsidiaries, with the exception of GP Acoustics (Taiwan) Limited and KEF Japan, Inc., have been audited by a member firm of Deloitte Touche Tohmatsu Limited for the purposes of the 2022 Consolidated Financial Statements.

(4) For identification purpose, the translated name for this subsidiary is "GP Acoustics (China) Limited".

(5) Other than GP Batteries International Limited ("GP Batteries") and GP Energy Tech Limited which are directly held subsidiaries of the Company, equity interest in other subsidiaries of the batteries segment is held by GP Batteries, GP Energy Tech Limited or their subsidiaries. For the preparation of the 2022 Consolidated Financial Statements purposes, the consolidation of GP Batteries have been audited by a member firm of Deloitte Touche Tohmatsu Limited.

(6) Incorporated during the financial year.

(7) Disposed during the financial year.

(8) The financial statements of this subsidiary have been audited by a member firm of Deloitte Touche Tohmatsu Limited for the purposes of the 2022 Consolidated Financial Statements.

(9) This subsidiary has not commenced trading as at 31 March 2022.

(10) This subsidiary remains inactive as at 31 March 2022.

(a) Audited by Deloitte & Touche LLP, Singapore, which are the auditors of all Singapore incorporated subsidiaries.

(b) Audited by member firms of Deloitte Touche Tohmatsu Limited.

(c) Subsidiary of GP Acoustics (UK) Limited. The consolidated financial statements of GP Acoustics (UK) Limited are audited by a member firm of Deloitte Touche Tohmatsu Limited.

(d) Local statutory audit performed by HuizhouShuLunPan Yangcheng C.P.A. Partnership.

(e) Local statutory audit performed by Guangdong Chengxinde Certified Public Accountants (general partnership).

(f) Local statutory audit performed by Shenzhen ZhengFengLiFu Certified Public Accountants.

(g) Local statutory audit performed by Bangkok Audit & Tax Consultants Co., Ltd.

(h) Local statutory audit performed by other accounting firms as these subsidiaries are not significant.

(i) Audited by Zhejiang Dewei Certified Public Accountants Company for consolidation purposes.

(j) The financial statements for the period from incorporation to 31 March 2022 and as at 31 March 2022 are not subject to audit pursuant to the regulatory requirement.

39. Associates

Significant associates of the Group are as follows:

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held 2022 %	2021 %
Batteries segment [7]				
AZ Limited [e]	Russia	Marketing and trading in batteries	**40.00**	40.00
Changzhou Lithium Batteries Ltd [d]	The People's Republic of China	Manufacturing of batteries	**40.00**	40.00
Gold Yi Industries Company Limited [d]	Hong Kong	Investment holding and trading of batteries	**41.50**	41.50
GP Battery Marketing (Germany) GmbH [a]	Germany	Marketing and trading in batteries	**50.00**	50.00
GP Battery Marketing (Middle East) Limited (FZC) [d]	United Arab Emirates	Marketing and trading in batteries	**50.00**	50.00
GWA Energy, Inc [d]	Taiwan	Development, marketing and trading in batteries	**41.00**	41.00
Hanoi Battery Joint Stock Company [10] [c]	Vietnam	Manufacturing of batteries	**49.00**	49.00
Huizhou Gold Yi Industries Co., Ltd. [d]	The People's Republic of China	Manufacturing of batteries	**41.50**	41.50
Lichton International Limited [d]	Hong Kong	Marketing and trading in lighting products	**49.00**	49.00
Ningbo Fengyin Battery Co., Ltd [d]	The People's Republic of China	Marketing and trading in battery materials	**32.00**	32.00
STL Technology Co., Ltd [11] [a]	Taiwan	Manufacturing of battery packs and products	**29.28**	29.73
STL Technology (SIP) Co., Ltd [12] [14]	The People's Republic of China	Manufacturing of battery packs and products	**-**	29.73
T.G. Battery Co. (China) Ltd [13]	The People's Republic of China	Manufacturing of batteries	**42.50**	42.50
T.G. Battery Co. (Hong Kong) Limited [a]	Hong Kong	Investment holding and provision of logistic support	**50.00**	50.00

39. Associates (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held	
			2022	2021
			%	%
Electronics and acoustics segment				
Dongguan Jifu Metallic Products Co., Ltd. (formerly known as Dongguan Jifu Metallic Products Ltd.) (1) (2)	The People's Republic of China	Manufacturing of metallic products	**30.00**	30.00
Julong Technology Limited (1) (b)	British Virgin Islands	Investment holding	**30.00**	30.00
Shinwa Industries (China) Ltd. (1) (4)	The People's Republic of China	Manufacturing of electronic components	**10.50**	10.50
Shinwa Industries (Hangzhou) Limited (1) (4)	The People's Republic of China	Manufacturing of electronic components	**10.50**	10.50
Shinwa Industries (H.K.) Limited (6) (b)	Hong Kong	Trading of electronic components	**15.00**	15.00
Wisefull Technology Limited (1) (b)	Hong Kong	Investment holding and trading of metallic products	**30.00**	30.00
Youjia Technology Limited (1) (b)	British Virgin Islands	Investment holding	**30.00**	30.00
Yousheng Technology Limited (1) (8) (b)	Hong Kong	Trading of metallic products	**30.00**	30.00
Other industrial investments segment				
XIC Innovation Limited (formerly known as Linkz Industries Limited) (a)	Hong Kong	Investment holding	**38.13**	38.13
Linkz Industries (Shanghai) Ltd. (1) (15)	The People's Republic of China	Manufacturing of cables	**-**	23.13
Linkz Industries (Suzhou) Limited (1) (15)	The People's Republic of China	Manufacturing of local area network cables	**-**	24.35
Meiloon Industrial Co., Ltd. (1) (5)	Taiwan	Development, manufacturing and marketing of acoustic and audio-visual equipment	**20.27**	20.27

39. Associates (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held	
			2022	2021
			%	%
Time Interconnect Holdings Limited [1] [3]	British Virgin Islands	Investment holding	**38.13**	38.13
Time Interconnect Investment Limited [1] [15]	British Virgin Islands	Investment holding	**-**	24.35
Time Interconnect Technology Limited [1] [9] [a]	Cayman Islands	Investment holding	**-**	24.35

Note:

(1) Equity interest is held by subsidiaries or associates of the Company.

(2) Subsidiary of Wisefull Technology Limited.

(3) Subsidiary of XIC Innovation Limited ("XIC").

(4) Subsidiary of Shinwa Industries (H.K.) Limited.

(5) Meiloon is listed on the Taiwan Stock Exchange Corporation. The consolidated financial statements of Meiloon are audited by PKF Taiwan. Meiloon has been equity accounted for in the consolidated financial statements based on results ended 31 December, the financial year end of Meiloon. Adjustments are made for the effect of any significant transactions that occur between 1 January and 31 March.

(6) The Group has significant influence in Shinwa Industries (H.K.) Limited ("Shinwa") through the Company's representation on Shinwa's board of directors.

(7) Equity interest is held by GP Batteries, its subsidiaries or associates. For the preparation of the 2022 Consolidated Financial Statements purposes, the consolidation of GP Batteries have been audited by a member firm of Deloitte Touche Tohmatsu Limited.

(8) Subsidiary of Youjia Technology Limited.

(9) Listed on The Stock Exchange of Hong Kong Limited and was a 63.85% owned subsidiary of XIC as at 31 March 2021. During the financial year, XIC disposed of its entire 63.85% interest in Time Interconnect Technology Limited.

(10) Listed on the Hanoi Stock Exchange.

(11) Listed on the Taipei Exchange.

(12) Subsidiary of STL Technology Co., Ltd.

(13) Subsidiary of T.G. Battery Co. (Hong Kong) Limited.

(14) De-registered during the financial year.

(15) Subsidiary of Time Interconnect Technology Limited.

39. Associates (cont'd)

[a] Audited by a member firm of Deloitte Touche Tohmatsu Limited.

[b] These associates adopt a different financial year end from that of the Group. For the purposes of applying the equity method of accounting, the financial statements of these associates for the twelve months period ended 31 March have been used. The local statutory consolidated financial statements of Shinwa Industries (H.K.) Limited and Wisefull Technology Limited are audited by a member firm of Deloitte Touche Tohmatsu Limited and Au Choi Yuen & Co., respectively. The financial statements of Julong Technology Limited and Youjia Technology Limited are not audited as there are no statutory audit requirements in their countries of incorporation. The local statutory financial statements of Yousheng Technology Limited are audited by Au Choi Yuen & Co.

[c] Local statutory audit performed by AASC Auditing Firm Company Limited.

[d] Local statutory audit performed by other accounting firms as these associates are not significant.

[e] Local statutory audit performed by Nexia Finance Group Limited.

40. Assets classified as held for sale

	The Group	
	2022	2021
	S$'000	S$'000
Balance at beginning of the financial year	**7,311**	7,969
Fair value gain from investment property	**-**	3,783
Disposals	**(75)**	(3,992)
Currency realignment	**177**	(449)
Balance at end of the financial year	**7,413**	7,311

As at 31 March 2021, assets classified as held for sale ("AHFS") comprised land and building and investment property of GP Batteries (China) Limited ("GPB (China)") and Huizhou Modern Battery Limited ("Modern Battery"), which would be disposed pursuant to two equity disposal agreements entered into during the financial year ended 31 March 2021. During the financial year, the disposal of GPB (China) was completed (Note 42).

As at 31 March 2022, AHFS comprised property of Modern Battery as above-mentioned, and the investment property included therein was carried at its fair value, which was determined based on the consideration for the relevant disposal and in proportion to the area of the disposal properties.

The AHFS are included in the assets of the batteries operating segment.

41. Discontinued operations

On 31 May 2021, the Company, as seller, entered into a sale and purchase agreement with Time Interconnect Investment Limited to sell the entire issued share capital of GP Industries Marketing Limited ("GPIM"), a wholly-owned subsidiary of the Company, *inter alia*, conditional upon the satisfaction of various conditions precedent on or before 30 September 2021 (the "AWH Business Disposal"). As a condition of the AWH Business Disposal, GPIM and Huizhou GP Wiring Technology Ltd. ("GPWT"), another wholly-owned subsidiary of the Company, shall undergo a reorganisation such that GPWT shall become a wholly-owned subsidiary of GPIM at completion. GPIM and GPWT comprised the Group's AWH Business. The AWH Business Disposal was completed on 31 August 2021.

According to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* ("SFRS(I) 5"), profit after taxation attributable to the AWH Business for the current financial year and loss from disposal of AWH Business, net of taxation, were presented under loss after taxation from discontinued operations in the profit or loss for the current financial year. Prior year comparative figures were re-presented pursuant to the requirement of SFRS(I) 5.

The results of discontinued operations which have been included in the profit for the year, were as follows:

	The Group	
	2022	2021
	S$'000	S$'000
Revenue	**14,534**	33,593
Net expenses	**(14,341)**	(32,015)
Profit before taxation	**193**	1,578
Income tax expense	**(32)**	(330)
Profit after taxation attributable to discontinued operations	**161**	1,248
Loss before taxation on AWH Business Disposal	**(2,891)**	-
Income tax expense on AWH Business Disposal	**(320)**	-
Loss on AWH Business Disposal, net of taxation	**(3,211)**	-
(Loss) Profit after taxation from discontinued operations	**(3,050)**	1,248

The net assets of the AWH Business at the date of disposal were as follows:

	The Group
	2022
	S$'000
Assets (Liabilities)	
Property, plant and equipment	**2,027**
Right-of-use assets	**2,537**
Inventories	**5,532**
Receivables and prepayments	**14,865**
Cash and cash equivalents	**2,276**
Trade and other payables	**(12,154)**
Lease liabilities	**(2,554)**
Income tax payable	**(61)**
Net assets of the AWH Business derecognised	**12,468**
Attributable goodwill	**273**
Total net assets derecognised	**12,741**

41. Discontinued operations (cont'd)

Loss before taxation from discontinued operations and net cash inflow from disposal of AWH Business are as follows:

	The Group
	2022
	S$'000
Loss before taxation from discontinued operations	
Consideration received	**12,006**
Total net assets derecognised	**(12,741)**
Adjustment to exchange translation reserve	**(2,071)**
Disposal costs paid	**(85)**
Loss before taxation on AWH Business Disposal	**(2,891)**
Profit before taxation from discontinued operations	**193**
Loss before taxation from discontinued operations	**(2,698)**
Net cash inflow from disposal	
Consideration received	**12,006**
Less: Disposal costs paid	**(85)**
Less: Cash and cash equivalents disposed of	**(2,276)**
Net cash inflow from disposal	**9,645**

The cash outflows attributable to the discontinued operations are as follows:

	The Group	
	2022	2021
	S$'000	S$'000
Operating activities	**(1,312)**	(1,046)
Investing activities	**(75)**	(203)
Financing activities	**(62)**	(189)

The above does not include the net cash inflow from disposal of S$9,645,000.

42. Changes in ownership interest in subsidiaries

Changes in ownership interest in subsidiaries that resulted in a loss of control

During the financial year ended 31 March 2022:

i) the Group disposed of its AWH Business, which comprised two subsidiaries (Note 41).

ii) the Group de-registered an inactive subsidiary and struck off another inactive subsidiary. The Group recognised a loss from de-registration of a subsidiary of S$170,000 in other operating expenses (Note 5), comprising cumulative exchange translation deficit.

iii) the Group completed the disposal of GPB (China), following the announcement issued on 31 January 2021 in relation to its proposed disposal.

The net assets of GPB (China) disposed and the effect thereof as at date of disposal were as follows:

	The Group **2022** **S$'000**
Assets	
AHFS	**75**
Cash and cash equivalents	**7,252**
Net assets disposed	**7,327**
Attributable goodwill	**1,225**
Total net assets derecognised	**8,552**
Total net assets derecognised	**8,552**
Adjustment to exchange translation reserve	**2,561**
Gain on disposal (Note 4)	**8,182**
Disposal proceeds	**19,295**
Less: Cash and cash equivalents derecognised	**(7,252)**
Less: Deposits received in financial year ended 31 March 2021	**(19,295)**
Net cash outflow from disposal	**(7,252)**

During the financial year ended 31 March 2021, the Group de-registered an inactive subsidiary and recognised a gain on de-registration of a subsidiary of S$4,000 in other operating income (Note 4), comprising cumulative exchange translation surplus.

43. Subsequent events

Subsequent to 31 March 2022, the Group disposed of an aggregate 15,900,000 ordinary shares in STL Technology Co., Ltd ("STL") via a series of on-market transaction for a gross consideration of approximately S$24.6 million. The Group's interest in STL decreased from 29.28% at 31 March 2022 to 4.29% at 6 June 2022. When the Group lost its significant influence over STL, it ceased to apply equity accounting and derecognised STL as an associated company, and accounted for the remaining interest in STL as financial assets at fair value through profit or loss.

Corporate Governance Statement

The board of directors (the "Board" or the "Directors") of GP Industries Limited (the "Company" and together with its subsidiaries, the "Group") recognised the importance of sound corporate governance practices and is committed to setting and maintaining high standard of corporate governance to ensure greater corporate transparency, accountability, performance and integrity.

This statement describes the key aspects of the Company's corporate governance framework and practices that were in place throughout the financial year ended 31 March 2022 ("FY2022"), with specific reference made to the principles and provisions of the revised Code of Corporate Governance 2018 (the "Code") and accompanying Practice Guidance issued in August 2018, which form part of the continuing obligations of the rules of the listing manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), through effective self-regulatory corporate practices to protect and enhance the interests and value of its shareholders.

The Board is pleased to confirm that for FY2022, the Company has adhered to the principles and provisions as set out in the Code (except where otherwise explained). Where there were variations in the Company's corporate governance practices from the provisions, appropriate explanations as to how the Company's practices were consistent with the intent of the principles in question are provided in the relevant sections of this statement. The Company will continue to assess its needs and implement appropriate practices accordingly.

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

The Board's Conduct of Affairs
Provision 1.1
Role of the Board
The Board oversees the business affairs of the Company and the Group, and is responsible for setting the strategic direction and establishing goals for the management team of the Group ("Management"). In addition, the Board works with Management to achieve these goals set for the Group.

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

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

Code of Business Conducts and Ethics

The Company is committed to ensuring that its affairs are conducted with the highest standard of probity and in compliance with the law and strives to uphold the highest levels of business conduct and integrity in all transactions and interactions. Directors have a responsibility to lead by example. The Board has adopted a Code of Business Conduct and Ethics for the Directors (the "Ethics Code"). The Ethics Code serves to guide the Directors on the following areas of ethical risk and sets a framework where integrity and accountability are paramount:

(i) avoid conflict of interest in (a) corporate opportunities; and (b) other board appointments;
(ii) maintain confidentiality of confidential or proprietary information that a Director may learn of when discharging his duties as a Director;
(iii) compliance with laws, rules and regulations, including those relating to the dealing in the Company's securities; and
(iv) fair dealing with customers, suppliers, competitors and employees.

The Ethics Code requires Directors to practice and promote ethical behaviour. Through the adoption of the Ethics Code, the Board affirms it shall take steps to ensure the Company encourages its employees (i) to seek guidance from supervisors, managers and appropriate personnel when in doubt about the best course of action in any particular situation; and (ii) to report any violations of laws and Company policy.

The Ethics Code also sets out the channel of communication for the Directors to report matters concerning improper business conducts and unethical practices.

Conflict of Interests

The Board acts in good faith and in the best interests of the Company by exercising due care, skills and diligence, and avoiding conflicts of interest. The Directors are cognisant of their fiduciary duties at law. When a potential conflict of interest situation arises, the affected Director will recuse himself from the discussion and decisions involving the areas of potential conflict, unless the Board is of the opinion that his participation is necessary. Where such participation is permitted, the conflicted Director excuses himself for an appropriate period during the discussions to facilitate full and frank exchange by the other Directors, and shall in any event recuse himself from the decision making.

Pursuant to Section 156 of the Companies Act 1967 (the "Companies Act"), each Director is required to declare if he has conflict of interest in any of the corporate transactions. Each Director is also required to submit details of his associates for the purpose of monitoring interested persons transactions ("IPTs") annually. Where a Director has a conflict or potentially conflict of interest in relation to any matter, he should immediately declare his interest when the conflict-related matter is discussed, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he / she is required to abstain from voting in relation to the conflict-related matters.

Provision 1.2

Directors' Competencies

All Directors have a good understanding of the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors).

While the duties imposed by law are the same for all directors, the board of directors of a listed company will generally have directors of different designations with different roles:

(i) executive directors are members of Management who are involved in the day-to-day running of the business. They work closely with the non-executive directors on the long-term sustainability and success of the businesses. They provide insights and recommendations on the Group's operations at the Board and Board committees meetings;

(ii) non-executive directors do not participate in the business operations. They constructively challenge management on its decisions and contribute to the development of strategic goals and policies. They may participate in the review of management's performance in achieving the strategic objectives as well as the appointment, assessment and remuneration of the Executive Directors and key personnel; and
(iii) independent directors are non-executive directors who are unrelated to any of the executive directors and fulfill the conditions to be considered "independent" as set out in the rules of the listing manual of the SGX-ST (the "Listing Manual") and the Code and deemed to be impartial by the board. Independent directors have similar duties as the non-executive directors, with the additional responsibility of providing independent and objective advice and insights to the board of directors and management.

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense.

Induction, Training and Development
The Company provides new Directors with orientation programmes to familiarise them with the business of the Group and its governance practices. Such orientation programmes include visiting the Group's principal factories and meeting with the management team of the Group's various business units. Newly appointed Directors are informed, among other things, the roles, obligations, duties and responsibilities as a member of the Board. New Directors are also expected to be familiar with the Companies Act, the rules of the Listing Manual and the roles and responsibilities as a director of a SGX-ST listed company. New Directors who have no prior experience as a director of a listed company are required to undertake to attend necessary training, the expense of which will be borne by the Company. In addition, the Company has also set aside budgets for Directors to meet their continuous training and development requirements. During FY2022, Ms Grace Lo Kit Yee, who was appointed as a Director on 1 July 2021, had attended courses under the Listed Entity Director Programme conducted by the Singapore Institute of Directors, which provide a broad-based understanding of the statutory and fiduciary duties and responsibilities of directors along with an overview of the regulatory environment and the corporate governance landscape in Singapore.

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

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

Provision 1.3
Matters Requiring Board's Approval
The Company has adopted internal guidelines setting forth matters that require the Board's approval. In addition, the following matters are specifically reserved for the Board's decision and approval:
(i) financial results announcements;
(ii) annual reports and financial statements;
(iii) nomination / appointment of Directors;
(iv) share issuance;
(v) corporate and financial restructuring;
(vi) payment of dividend; and
(vii) major investment or acquisition / disposal proposals, including any other transactions of a material nature requiring announcements under the rules of the Listing Manual.

Provision 1.4

Board Committees

To ensure smooth operations, facilitate decision making and ensure proper controls, the Board has delegated some of its powers to its committees (the "Board Committees" and as described below) and Management. The Board Committees and Management remain accountable to the Board.

Currently, the Board has established the following Board Committees:

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

These Board Committees are given specific responsibilities and they are empowered by the Board to deal with matters within the limits of authority. The respective terms of reference of each of the Board Committees sets out their compositions, authorities and duties including reporting back to the Board. They assist the Board operationally without the Board losing authority over major issues.

In addition to the Board Committees, the Board has also delegated some of its authority to the Executive Committee, which comprises the Executive Directors, and Management. The Group's Risk Governance and Internal Control Manual set out, *inter alia*, the Group's approval guidelines, which describe the principles when delegating the authority to the Executive Committee and Management.

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

Changes to the Board and Board Committees

The following are the changes to the composition of the Board during FY2022:

(i) Mr Lam Hin Lap was appointed as Vice Chairman and Executive Vice President with effect from 1 July 2021, in addition to his existing appointment as an Executive Director; and
(ii) Ms Grace Lo Kit Yee was appointed as Executive Director with effect from 1 July 2021.

The was no change to the composition of the Board Committees during FY2022.

Provision 1.5

Board and Board Committee Meetings

The Board conducts regular meetings on a quarterly basis and *ad hoc* meetings as and when required. The Board Committees conduct regular meetings and *ad hoc* meetings according to its terms of reference. Article 100(2) of the Company's Constitution and the terms of reference of the Board Committees allows Board and Board Committee meetings, as the case may be, to be conducted by way of telephone or video conferencing or by other audio or audio-visual communications equipment.

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings, are disclosed in this Statement. The Company, however, believes that the contributions of the Directors can be reflected in means other than by the attendance at such meetings. A Director is appointed on the strength of his / her calibre, experience and his / her potential to contribute to the proper guidance of the Company and its businesses in forms such as Management's access to him / her for guidance or exchange of views outside the formal environment of Board meetings and also his / her ability to bring relations which are strategic to the interests of the Group.

The number of Board meetings, Board Committees meetings and general meetings of the Company held [(1)] in FY2022 and the attendance of Directors [(1)] at these meetings are as follows:

Meetings of	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee		General meeting of the Company	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Victor Lo Chung Wing	8	8	NA	NA	1	1	NA	NA	1	1
Lam Hin Lap	8	8	NA	NA	1	1	NA	NA	1	1
Brian Li Yiu Cheung	8	8	NA	NA	NA	NA	NA	NA	1	1
Waltery Law Wang Chak	8	8	NA	NA	NA	NA	NA	NA	1	1
Grace Lo Kit Yee [(2)]	6	5	NA	NA	NA	NA	NA	NA	1	1
Lim Ah Doo	8	8	5	5	1	1	1	1	1	1
Allan Choy Kam Wing	8	8	5	5	1	1	1	1	1	1
Lim Jiew Keng	8	8	5	5	1	1	1	1	1	1
Goh Boon Seong	8	8	5	5	1	1	1	1	1	1
Timothy Tong Wai Cheung	8	8	5	5	1	1	1	1	1	1
Christopher Lau Kwan	8	8	5	5	1	1	1	1	1	1

Note:

(1) The number of meetings held and attendance of Directors refer to the number of meetings held and attended by that Director during the period in which the respective Directors were appointed as a member of the Board or a Board Committee, as the case may be.

(2) Ms Grace Lo Kit Yee was appointed an Executive Director on 1 July 2021.

NA – not applicable

Multiple Board Representations

All Directors are required to declare their board representations on an annual basis and as soon as is practicable after the relevant facts have come to his knowledge. When a Director has multiple board representations, the NC considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

Based on the individual Director's confirmation provided to the NC in FY2022 on his ability to carry out his duties as a Director of the Company and to address any competing time commitments that may arise, the NC believes that it would not be necessary to put a limit on the maximum number of listed company board representations of each Director. The Board and the NC will review the requirement to determine the maximum number of listed company board representations as and when they deem fit.

The NC has evaluated the competing time commitments faced by Directors serving on multiple boards during FY2022 and is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company, as well as sufficient time and attention are given to the affairs of the Company, after taking into consideration each of the Directors' number of listed company board representations and other principal commitments in FY2022.

Provision 1.6

Access to Information

Management prepares monthly management accounts, which is reviewed by the Executive Committee. Management provides the Board with the quarterly, half-yearly and full year results together with other relevant information, including comparison of actual results against budget with explanations on the variances provided by Management, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospect.

Management provides the Board and Board Committees with relevant information and reports prior to their respective meetings. In addition, Management also provides the Board with further information or *ad hoc* reports as and when required. Board members are consulted or updated with latest developments of the Group with regular management meetings, circulation of discussion papers and informal meetings such as discussions via tele-communications.

The Board and the Board Committees are free to request for further clarification and information from Management on all matters within their purview.

Provision 1.7

Access to Management and Company Secretary

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

The Company Secretary and his representative attend Board meetings, particularly the meetings for reviewing the draft announcements of the Group's half-yearly or full year results. The Company Secretary also attends the meetings of the NC and the RC as the secretary of the respective committee. The Company Secretary is responsible for ensuring that Board procedures are followed and that the Company complies with the requirements of the Companies Act. Together with the management staff of the Company, the Company Secretary is also responsible for the Company's compliance with all applicable rules and regulations of the Listing Manual.

The appointment and the removal of the Company Secretary requires the Board's approval.

Access to Independent Professional Advice

In furtherance of their duties, the Directors, individually or as a group, may seek independent professional advice on matters relating to the businesses of the Group, at the Company's expense, subject to approval by the Board.

Board Composition and Guidance

Principle 2:

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

Provision 2.1

Directors' Independence

The criterion for independence is based on the definition set out in the Code and Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 210(5)(d) of the Listing Manual. The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

All Directors are required to disclose any relationships or appointments which may impair their independence to the Board on a timely basis.

For FY2022, pursuant to Provision 4.4 of the Code, the NC determined annually if the Non-Executive Independent Directors were independent according to the Code and Rule 210(5)(d) of the Listing Manual. The NC concluded that all the Non-Executive Independent Directors, namely Messrs Lim Ah Doo, Allan Choy Kam Wing, Lim Jiew Keng, Goh Boon Seong, Timothy Tong Wai Cheung and Christopher Lau Kwan, have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 210(5)(d) of the Listing Manual. The Non-Executive Independent Directors did not have substantial interest in the shares of the Company and were not in foreseeable situation that could compromise their independence of thought and decision.

The Board, based on the result of the annual review conducted by the NC, is of the view that all Non-Executive Independent Directors of the Company are independent.

Tenure of Appointment of Non-Executive Independent Directors
The Board recognises that Non-Executive Independent Directors may over time develop significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the Non-Executive Independent Directors must be based on the substance of their professionalism, integrity and objectivity, and not merely based on form; such as the number of years which they have served on the Board. Nevertheless, when there are Non-Executive Independent Directors who have served beyond nine (9) years from the date of their first appointment, the Board will rigorously review their continuing contributions and independence and decide if they should continue with the appointment.

The Board noted that prior to 1 January 2022, Guideline 2.4 of the Code of Corporate Governance 2012 shall apply to Non-Executive Independent Directors who have served on the Board beyond nine (9) years from the date of his or her first appointment and the independence of such Director(s) should be subject to particularly rigorous review.

The Board also noted that Rule 210(5)(d)(iii) of the Listing Manual which took effect on 1 January 2022 requires a Non-Executive Independent Director who has served on the Board for a cumulative period of more than nine (9) years will no longer be eligible to be designated as an Non-Executive Independent Director unless their continued appointment has been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders excluding Directors, CEO and their associates, from shareholders present and voting at a general meeting ("Two-Tier Vote Resolutions"). Such Two-Tier Vote Resolutions shall remain in force until the earlier of (i) the retirement or resignation of the Non-Executive Independent Director; or (ii) the conclusion of the third annual general meeting ("AGM") of the Company following the passing of the Two-Tier Vote Resolutions.

As at 1 January 2022, Messrs Lim Ah Doo and Allan Choy Kam Wing have served on the Board beyond nine (9) years from the date of their first appointment. The NC and the Board have subjected their independence to a particularly rigorous review by all the other fellow directors (with Messrs Lim Ah Doo and Allan Choy Kam Wing abstaining from the review), before deciding if they should continue with the appointment. The NC and the Board have assessed the independence of each of these two (2) Directors by taking into account their respective contributions in terms of experience, expertise, professionalism, integrity, objectively and independent judgement in their engagement with all relevant parties, rather than solely and arbitrarily on basis of length of service alone.

After due consideration and with the concurrence of the NC, the Board is of the view that Messrs Lim Ah Doo and Allan Choy Kam Wing have demonstrated strong independent character and judgement over the years in discharging their duties and responsibilities as Non-Executive Independent Directors of the Company with the utmost commitment in upholding the interest of non-controlling shareholders. They have expressed individual viewpoints, debated issues constructively and objectively scrutinised and challenged Management. They have sought clarification and amplification as deemed necessary, including through direct access to Management. Messrs Lim Ah Doo and Allan Choy Kam Wing are serving in the respective Board Committees which require special skillset and experience. Their vast experience enables them to provide the Board and the Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making. They receive only a fixed Director's fee from the Company and do not have any relationships that could interfere with the exercise of their independent business judgement in the best interest of the Company.

Taking into account of the above, the Board concurred with the view of the NC and has affirmed the independence status of Messrs Lim Ah Doo and Allan Choy Kam Wing given that their length of service does not in any way interfere their ability to act in the best interests of the Company in exercising their independent judgement. Furthermore, they have fulfilled the definition of independent directors as required in the Code and Listing Manual. The Board trust that they are able to continue to discharge under their duties independently with integrity and competency. Therefore, the Board resolved that Messrs Lim Ah Doo and Allan Choy Kam Wing continue to be considered Non-Executive Independent Directors, notwithstanding that they have served on the Board beyond nine (9) years from the date of their first appointment.

In addition, the continued appointment of each of Mr Lim Ah Doo and Mr Allan Choy Kam Wong as a Non-Executive Independent Director has been approved by shareholders at the AGM of the Company held on 27 July 2021 (the "2021 AGM") pursuant to Rule 210(5)(d)(iii) of the Listing Manual. Such approval shall remain in force until the earlier of (i) the retirement or resignation of Mr Lim Ah Doo or Mr Allan Choy Kam Wing, as the case may be; or (ii) the conclusion of the third AGM of the Company after the 2021 AGM.

Provisions 2.2 and 2.3

Level of Independence of the Board

During FY2022, the Board composition, which comprised six (6) Non-Executive Independent Directors out of a total of ten (10) Directors for the period from 1 April 2021 to 30 June 2021, and eleven (11) Directors from 1 July 2021 onwards, complied with Rule 210(5)(c) of the Listing Manual which requires non-executive independent directors to make up at least one-third of the board, Provision 2.3 of the Code which requires non-executive independent directors together with the non-executive non-independent directors (collectively, the "Non-Executive Directors") to make up a majority of the board, as well as Provision 2.2 of the Code which requires non-executive independent directors to make up a majority of the board where the chairman is not independent.

Provision 2.4

Board Composition and Size

Currently, the Board comprises the following Directors:

Executive Director	
Victor Lo Chung Wing	Chairman and Chief Executive Officer ("CEO")
Lam Hin Lap	Vice Chairman and Executive Vice President
Brian Li Yiu Cheung	Executive Vice President
Waltery Law Wang Chak	Chief Financial Officer ("CFO") and Chief Risk Officer ("CRO")
Grace Lo Kit Yee	

Non-Executive Independent Director

Lim Ah Doo	Lead Independent Director
Allan Choy Kam Wing	
Lim Jiew Keng	
Goh Boon Seong	
Timothy Tong Wai Cheung	
Christopher Lau Kwan	

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's operations, the requirements of the businesses and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity of skills, experience and knowledge of the Group without interfering with efficient decision making.

Board Diversity

With a view to achieving a sustainable and balanced development, the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company is accordingly committed to promoting diversity of the Board. The Board has adopted its diversity policy (the "Diversity Policy"). In designing the Board's composition, the Diversity Policy requires the NC and the Board to consider a number of aspects, including but not limited to gender, age, nationalities, ethnicity, cultural background, educational background, experience, skills, knowledge, independence and length of service.

The Company has also taken steps to refresh the Board:

(i) Mr Timothy Tong Wai Cheung and Mr Christopher Lau Kwan were appointed as Non-Executive Independent Directors on 1 April 2020. Currently, four (4) out of six (6) of the Non-Executive Independent Directors have served on the Board for less than five (5) years; and

(ii) the appointment of Ms Grace Lo Kit Yee as an Executive Director with effect from 1 July 2021 contributes to the gender diversity of the Board.

The NC will monitor the implementation of its Diversity Policy and review the Diversity Policy from time to time as appropriate, to ensure its effectiveness.

The NC is also preparing for the new disclosures on board diversity required under Rule 710A of the Listing Manual, which is applicable to the Company with effect from its financial year commenced 1 April 2022.

The Board and NC had reviewed its composition of Directors and were satisfied that the current composition provides the appropriate balance and mix of age, educational background, experience, skill, knowledge and length of service for the nature and scope of the Group's operations, fosters constructive debate and facilitates effective decision making. The Board and NC will constantly examine its size with a view to determining its impact upon its effectiveness.

Board Guidance
An effective and robust Board, whose members engage in open and constructive debate and challenge Management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by Management to achieve set objectives.

The Directors, in particular the Non-Executive Independent Directors, are kept informed of the Company's business and affairs as well as about the industry in which the Company operates in. This knowledge is essential for the Non-Executive Independent Directors to engage in informed and constructive discussions. To ensure that Non-Executive Independent Directors are well supported by accurate, complete and timely information, Non-Executive Independent Directors have unrestricted access to Management. Besides receiving regular Board briefings on latest market developments and trends, and key business initiatives, periodic information papers, industry and market reports, the Non-Executive Independent Directors are regularly briefed by Management on major decisions and prospective business deals.

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

Provision 2.5
Meeting of Non-Executive Independent Directors without Management
The Non-Executive Independent Directors are encouraged to meet regularly without the presence of Management, so as to facilitate a more effective check on Management. During FY2022, the Non-Executive Independent Directors have met informally at least once without the presence of Management and the chairman of such meeting will provide feedback to the Board and / or Chairman of the Company as appropriate.

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

Provisions 3.1 and 3.2
Chairman and CEO
Currently, the Company adopts a single leadership structure: Mr Victor Lo Chung Wing is the Chairman and CEO of the Company. The Chairman and CEO remains involved in significant corporate matters, including overall operations of the Group, matters of strategic nature and governance of the Board.

As the Chairman, Mr Victor Lo Chung Wing is responsible for the effective function of the Board and exercise control over the quality, quantity and timeliness of the flow of information between Management and the Board, these include:
(i) ensuring the Board's effectiveness through his leadership;
(ii) ensuring that Board meetings are held when necessary and to approve the meeting agenda;
(iii) providing oversight on accurate and clear information contained in the Board papers circulated to the Board members;
(iv) allowing sufficient time for the discussion of the agenda items;
(v) monitoring communications and relations within the Board and between the Board and Management to facilitate constructive dialogue;
(vi) facilitating effective contribution of the Non-Executive Independent Directors; and
(vii) ensuring compliance with the guidelines set out in the Code.

As the CEO, Mr Victor Lo Chung Wing is responsible for the Group's overall management, including overseeing the Group's operation, setting directions for new growth areas and developing business strategies. He played an instrumental role in developing the business of the Group and has provided the Group with strong leadership and vision.

Deviation from Provision 3.1

As required under Provision 3.1 of the Code, the Chairman and CEO should be separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. As such, the current single leadership structure does not comply with Provision 3.1 of the Code as the Company's Chairman and CEO position is filled by the same person. The Board is of the view that whilst the Chairman and CEO is the same person, the existing single leadership arrangement is effective and appropriate for the Group after taking into consideration the nature and scale of the Group's businesses, and there are sufficient safeguards against an uneven concentration of power and authority in a single individual. There is sufficient independent representation on the Board and Board Committees which provide diversity of thought and an independent and objective element to the Group and strategic level decision making, which enables the Board to make decisions in the best interest of the Company. The independent representation on the Board and Board Committees include:

(i) the Non-Executive Independent Directors, which comprise a majority of the Board, provide an independent and objective element to the Board; and
(ii) each of the Board Committees, namely ARC, NC and RC, comprises primarily Non-Executive Independent Directors.

In addition, as discussed under "Lead Independent Director" section below, Mr Lim Ah Doo has been appointed as the Lead Independent Director since 14 August 2013.

Furthermore, as discussed under the "Matters Requiring Board Approval" section above, the Company has adopted internal guidelines setting forth matters that are specifically reserved for the Board's decision and approval, including (a) nomination / appointment of Directors; and (b) major investment or acquisition / disposal proposals, including any other transactions of a material nature requiring announcements under the Listing Manual.

As such, whilst the Chairman and CEO is the same person, the Board is of the view that the governance practices currently in place by the Company ensure no one individual of the Board has unfettered powers of decision making and thus are consistent with the intent of Principle 3 of the Code.

The Board, with the assistance of the NC, continues to review the role of the Chairman and CEO as well as the composition (including the independence) of the Board to ensure that it does not impede the principles of independence and objectivity in decision making.

Provision 3.3

Lead Independent Director

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

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

Provision 4.2
Composition of NC
The NC currently comprises six (6) Non-Executive Independent Directors and two (2) Executive Directors. The composition of the NC is as follows:
Mr Lim Jiew Keng (Chairman)
Mr Lim Ah Doo (Member)
Mr Victor Lo Chung Wing (Member)
Mr Allan Choy Kam Wing (Member)
Mr Goh Boon Seong (Member)
Mr Lam Hin Lap (Member)
Mr Timothy Tong Wai Cheung (Member)
Mr Christopher Lau Kwan (Member)

The chairman of the NC (the "NC Chairman"), Mr Lim Jiew Keng, is a Non-Executive Independent Director. The Lead Independent Director, Mr Lim Ah Doo, is a member of the NC.

Provision 4.1
Terms of Reference of NC
The duties and responsibilities of the NC are to:
(i) regularly and strategically review the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees (taking into account Rule 210(5)(c) of the Listing Manual and Provisions 2.1 to 2.4 of the Code) and recommend changes, if any, to the Board;

(ii) identify and nominate candidates to fill Board vacancies as they occur. Specifically, the NC shall:
  (a) consider candidates from a wide range of backgrounds;
  (b) consider candidates on their own merits and evaluate against objective criteria such as their experience, knowledge, gender, age and skills in relation to the needs of the Board; and whether the candidates will add diversity to the Board and whether they are likely to have adequate time to discharge their duties;
  (c) consider the composition and progressive renewal of the Board or Board Committees; and
  (d) appoint an independent third party to source and screen candidates, if necessary;

(iii) send the newly-appointed Director the Director's Code of Professional Conduct published by the Singapore Institute of Directors which clearly sets out his / her roles and responsibilities, authority, and the Board's expectations in respect of his / her time commitment as a Director of the Company;

(iv) recommend the membership of the Board Committees to the Board;

(v) review the independent status of Non-Executive Independent Directors (in accordance with Rule 210(5)(d) of the Listing Manual and Provision 2.1 of the Code) and that of the alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest. If the NC considers that a Director who has one or more of the relationships mentioned under Rule 210(5)(d) of the Listing Manual and Provision 2.1 of the Code, is nevertheless independent, the NC should provide its views to the Board for the Board's consideration. If the NC considers that a Director is not independent even if he does not fall within the circumstances mentioned under Rule 210(5)(d) of the Listing Manual and Provision 2.1 of the Code, it shall also similarly provide its views to the Board for the Board's consideration;

(vi) develop the performance evaluation framework for the Board, the Board Committees and individual Directors. The NC should also propose objective performance criteria for the Board, the Board Committees and individual Directors. It conducts the evaluations, analyses the findings and reports the results to the Board. The NC will also recommend areas that need improvement. This process can be assisted by independent third party facilitators;

(vii) where the appointment of a Director is for a fixed term, to recommend that the Board removes or reappoints such Director at the end of his / her term. It may also recommend that shareholders re-elect Directors under the provisions of the Company's Constitution and the Listing Manual on the policy of retirement by rotation. In making these recommendations, the NC should consider the Director's performance, commitment and his / her ability to continue contributing to the Board;

(viii) review other directorships held by each Director and decide whether or not a Director is able to carry out, and has been adequately carrying out, his / her duties as a Director, taking into consideration the Director's number of listed company directorships and principal commitments, and the NC may establish guideline on the maximum number of listed company directorships and principal commitments for each Director or type of Director;

(ix) identify and develop training programmes / schedules for the Board and assist with similar programmes for the Board Committees and ensure that all Board appointees undergo appropriate induction programme;

(x) where the Chairman and CEO of the Company are separate persons, review and ensure that there is a clear division of responsibilities between the Chairman and CEO of the Company such that there is appropriate balance of power, increased accountability and greater capacity for the Board for independent decision making; and

(xi) review the succession plans prepared by Management for the Board Chairman, Directors, CEO and KMP of the Company.

Provision 4.3
Selection, Appointment and Re-appointment of Directors
The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group's business and that each Director, through his / her unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. In the event that the appointment of a new Board member is required, the criteria for the appointment will be driven by the need to position and shape the Board in line with the medium-term needs of the Group and its business.

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

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

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

Alternate Director
The Company has not appointed any alternate Director.

Provision 4.4

Determining Independence of Directors

The NC is tasked to determine the independence of the Directors. The NC determines the independence of a Director when he or she is appointed, and review at least annually the Directors' independence according to the Code and Rule 210(5)(d) of the Listing Manual. Please refer to the discussions under "Provision 2.1" of this statement for further details of the results of the annual review of independence of the Non-Executive Independent Directors, the rigorous review of independence of Non-Executive Independent Directors who have served for more than nine (9) years and the requirements under Rule 210(5)(d)(iii) of the Listing Manual and re-appointment of such Non-Executive Independent Directors pursuant to Rule 210(5)(d)(iii) of the Listing Manual.

Provision 4.5

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

Name of Director	Victor Lo Chung Wing	Lam Hin Lap	Brian Li Yiu Cheung
Role	Chairman and CEO Executive Director	Vice Chairman Executive Vice President Executive Director Group General Manager, Business Development	Executive Vice President Executive Director
Academic and professional qualifications	Mr Lo graduated from Institute of Design of Illinois Institute of Technology, US with a Bachelor of Science degree in Product Design. He also holds an Honorary Doctorate from The Hong Kong Polytechnic University.	Mr Lam holds a Bachelor's degree in Electrical Engineering from The University of New South Wales, Australia.	Mr Li is a fellow of The Hong Kong Institution of Engineers. He holds a Bachelor's degree in Electrical Engineering from The University of British Columbia, Canada, a Master's degree in Global Business with Dean's Honour from The Chinese University of Hong Kong and a Doctor of Business Administration degree from City University of Hong Kong.
Board Committee(s) served on	Nominating Committee *Member*	Nominating Committee *Member*	None
Date of first appointment as a Director	18 October 1995	1 October 2016	18 October 1995
Date of last re-election as a Director	11 September 2020	30 July 2019	11 September 2020
Present directorships in other listed companies	Gold Peak Technology Group Limited *Chairman and Chief Executive* *Executive Director*	Gold Peak Technology Group Limited *Managing Director* *Executive Director* Hanoi Battery Joint Stock Company *Director* Meiloon Industrial Co., Ltd. *Authorised representative of a director (Famingo Pte Ltd)*	Gold Peak Technology Group Limited *Vice Chairman* *Executive Vice President* *Executive Director*

Name of Director	Victor Lo Chung Wing	Lam Hin Lap	Brian Li Yiu Cheung
Past directorships in other listed companies over the preceding three years	None	None	None
Other principal commitments	Hong Kong Design Centre *Director* PMQ Management Company Ltd *Director*	None	None

Name of Director	Waltery Law Wang Chak	Grace Lo Kit Yee	Lim Ah Doo
Role	Executive Director Chief Financial Officer Chief Risk Officer Senior Vice President, Finance and Corporate Development	Executive Director	Lead Independent Director Non-Executive Independent Director
Academic and professional qualifications	Mr Law is a fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is currently registered as a certified public accountant with the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor's degree in Economics and a Master's degree in Financial Economics, both from the London School of Economics and Political Science, the University of London, UK.	Ms Lo graduated from the Northwestern University, US and holds a Master of Design degree from Illinois Institute of Technology, US as well as an MBA degree from The Hong Kong University of Science and Technology.	Mr Lim graduated from Queen Mary College of University of London, UK with a Bachelor of Science degree in Engineering and holds an MBA degree from Cranfield School of Management, UK.
Board Committee(s) served on	None	None	Audit and Risk Committee *Chairman* Nominating Committee *Member* Remuneration Committee *Member*
Date of first appointment as a Director	1 April 2019	1 July 2021	15 May 1997
Date of last re-election as a Director	27 July 2021	27 July 2021	27 July 2021

Name of Director	Waltery Law Wang Chak	Grace Lo Kit Yee	Lim Ah Doo
Present directorships in other listed companies	Gold Peak Technology Group Limited *Executive Director and Senior Vice President, Group Finance Management* Meiloon Industrial Co., Ltd. *Authorised representative of a director (Famingo Pte Ltd)*	None	GDS Holdings Limited *Independent Director* Olam International Limited *Non-Executive Chairman and Independent Director* Singapore Technologies Engineering Ltd *Independent Director*
Past directorships in other listed companies over the preceding three years	None	None	None
Other principal commitments	None	Gold Peak Technology Group Limited *Deputy Managing Director*	Singapore Technologies *Director* Telemedia Pte Ltd *Director* STT Communications Ltd *Director* STT Global Data Centres India Private Limited *Director* U Mobile Sdn Bhd *Director* Virtus HoldCo Limited *Director*

Name of Director	Allan Choy Kam Wing	Lim Jiew Keng	Goh Boon Seong
Role	Non-Executive Independent Director	Non-Executive Independent Director	Non-Executive Independent Director
Academic and professional qualifications	Mr Choy holds a Diploma in Management Studies from The University of Hong Kong and an MBA degree from University of Macau.	Mr Lim holds a Bachelor of Social Science (Honours) degree in Economics from National University of Singapore (formerly University of Singapore), a Certificate in Education from National Institute of Education (formerly Teachers' Training College), Singapore and completed an Advanced Management Programme at Fuqua School of Business of Duke University, US. Mr Lim has been a member of the Singapore Institute of Directors since 2002.	Mr Goh graduated from National University of Singapore (formerly University of Singapore) with a Bachelor of Business Administration degree.

Name of Director	Allan Choy Kam Wing	Lim Jiew Keng	Goh Boon Seong
Board Committee(s) served on	Remuneration Committee *Chairman* Audit and Risk Committee *Member* Nominating Committee *Member*	Nominating Committee *Chairman* Audit and Risk Committee *Member* Remuneration Committee *Member*	Audit and Risk Committee *Member* Nominating Committee *Member* Remuneration Committee *Member*
Date of first appointment as a Director	1 October 2012 [(1)]	1 January 2018	1 January 2018
Date of last re-election as a Director	27 July 2021	11 September 2020	27 July 2021
Present directorships in other listed companies	None	None	None
Past directorships in other listed companies over the preceding three years	None	None	None
Other principal commitments	None	None	Sleep Care Pte Ltd *Advisor* WhiteRock Medical Company Pte. Ltd. *Director and Chief Executive Officer*

Name of Director	Timothy Tong Wai Cheung	Christopher Lau Kwan
Role	Non-Executive Independent Director	Non-Executive Independent Director
Academic and professional qualifications	Professor Tong holds a Bachelor of Science degree in Mechanical Engineering from Oregon State University, US, and holds a Master's and Doctorate degree in the same discipline from the University of California, Berkeley, US, and is a fellow of the American Society of Mechanical Engineers, the Hong Kong Academy of Engineering Sciences and the International Thermal Conductivity Conference.	Mr Lau holds a Bachelor's degree in Accounting and Finance from the Stern School of Business, New York University, New York, US.

Name of Director	Timothy Tong Wai Cheung	Christopher Lau Kwan
Board Committee(s) served on	Audit and Risk Committee *Member* Nominating Committee *Member* Remuneration Committee *Member*	Audit and Risk Committee *Member* Nominating Committee *Member* Remuneration Committee *Member*
Date of first appointment as a Director	1 April 2020	1 April 2020
Date of last re-election as a Director	11 September 2020	11 September 2020
Present directorships in other listed companies	AMTD IDEA Group *Independent Non-Executive Director* Freetech Road Recycling Technology (Holdings) Limited *Non-Executive Director* Gold Peak Technology Group Limited *Independent Non-Executive Director* Xiaomi Corporation *Independent Non-Executive Director*	None
Past directorships in other listed companies over the preceding three years	None	eCargo Holdings Limited *Non-Executive Director*
Other principal commitments	Airstar Bank Limited *Independent Non-Executive Director* AMTD Digital Inc. *Chairman of the board and Independent Non-Executive Director* AMTD Digital Solutions Power Pte. Ltd. *Independent Non-Executive Director* AMTD Foundation *Chief Executive Officer* Applaud Digital Solutions Pte. Ltd. *Independent Non-Executive Director* Gravitation Fintech HK Limited *Independent Non-Executive Director*	XK Capital Limited *Managing Director* Hong Kong Chinese Importers' & Exporters' Association *Director*

Note:
(1) Mr Allan Choy Kam Wing was appointed as a Non-Executive Independent Director on 1 October 2012. Prior to that, he had been an Executive Director for the period from 15 May 1997 to 7 November 1998.

The details of the shareholdings of the Directors who were Directors of the Company as at 31 March 2022 are disclosed on page 28 of the Annual Report under "Directors' interest in shares and debentures" section of the Directors' Statement.

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

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

Onboarding Process for New Director
The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his / her duties as a Director. The NC is also responsible for ensuring that new Directors with no prior experience as a director of a SGX-ST listed company to undergo training in the roles and responsibilities of a director of a SGX-ST listed company. The Company funds and facilitates new Directors to attend relevant training courses, *inter alia,* offered by the Singapore Institute of Directors.

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

Provisions 5.1 and 5.2
Assessment and Evaluation Process
The NC has been tasked to assist the Board to develop a performance evaluation framework for the Board, Board Committees and individual Directors, proposed performance criteria and assist in the conduct of the evaluation, analyses the findings and reports the results to the Board.

The NC together with the Board, has established the assessment process of the effectiveness of the Board and each Board Committee, and the contribution from each individual Director, including the Chairman.

On the annual basis, the NC together with the Board will conduct the assessment of the performance of the Board, each Board Committee and the contribution from each individual Director.

As further elaborated below, the assessments for FY2022 included the use of questionnaires. The responses to the questionnaires were compiled by the Company Secretary and thereafter presented to the NC Chairman or the Chairman of the Board, as the case may be.

Effectiveness of the Board

The evaluation of the effectiveness of the Board as a whole had been conducted by means of questionnaire to be completed by all Directors. The evaluation criteria include:

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

Based on the summary of findings of the evaluation for FY2022 together with the feedback and recommendations from each Director, the NC and the Board concluded that the overall Board performance were consistently well in all aspect and met its performance objective for FY2022.

Effectiveness of the Board Committees

For FY2022, the evaluation of the effectiveness of the respective Board Committees had been conducted by means of questionnaire to be completed by members of each of the Board Committee. The evaluation criteria include:

(i) frequency and duration of the Board Committee meetings;
(ii) authority to investigate matters within its respective terms of reference;
(iii) resources available to and access to management in discharging the duties and responsibilities of a Board Committee;
(iv) availability of financial resources and authority to engage external professional advice if necessary; and
(v) training resources available to the members of the respective Board Committees.

Based on the results of the evaluations for FY2022, the Board concurred with the NC and concluded that the overall performance of each of the Board Committee was consistently well in all aspect and met their respective performance objective for FY2022, and no major issues or findings in relation to the ARC, NC and RC that required the attention of the Board have been identified.

Effectiveness of Individual Director

Since FY2022, the evaluation of individual director was performed by means of a self-assessment questionnaire to be completed by each Director. The questionnaire focuses on the following key attributes of a Director:

(i) availability including attendance at meetings;
(ii) performance of director's duties, including contribution to the development and of the Group's strategy and risk management, and resoluteness in maintaining own views and resisting peer pressures;
(iii) knowledge including business, financial, industry as well as about the Group's business; and
(iv) inter-active skills in working with fellow Directors, Management and external professional service providers.

The results of self-assessments were reviewed by the Chairman, who has the discretion to invite other members of the Board, including the NC Chairman, to review and take necessary action to ensure each of the Directors can maximise their contribution to the Board and thus optimising the effectiveness of the Board.

After considering the results of the self-assessment and the contribution from the Directors during the Board and Board Committees meetings, including charting the Group's strategy, advising Management on risk management, sharing of their industry experience and opining on matters tabled at the meetings, the NC and the Board had collectively satisfied that the competency of each of the Board members had met the intended objectives to balance an appropriate mix of professional experience, environmental or contextual knowledge and personal attributes and skills in facilitating effective decision making of the Board in FY2022.

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

Remuneration Matters

Procedure for Developing Remuneration Policies

Principle 6:

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

Provision 6.2

Composition of RC

The RC currently comprises six (6) Non-Executive Independent Directors, as follows:
Mr Allan Choy Kam Wing (Chairman)
Mr Lim Ah Doo (Member)
Mr Lim Jiew Keng (Member)
Mr Goh Boon Seong (Member)
Mr Timothy Tong Wai Cheung (Member)
Mr Christopher Lau Kwan (Member)

The Chairman of the RC, Mr Allan Choy Kam Wing, is a Non-Executive Independent Director. The Chairman and members of the RC are knowledgeable with executive compensation.

Provision 6.1

Terms of Reference of RC

The RC's terms of reference are primarily to:

(i) review and make recommendation to the Board on a framework of remuneration for the Board and KMP (as defined in the Code);
(ii) review and make specific recommendation to the Board on the specific remuneration packages for each Executive Director and KMP;
(iii) review and recommendation to the Board on the specific remuneration of the Non-Executive Directors which should be appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities;
(iv) review the design of all long-term incentive plans such as offers of shares, grants of options or other forms of deferred remuneration for approval by the Board, and if necessary, shareholders;
(v) review the Company's obligations arising in the event of termination of the Executive Directors' and KMP's contract of service, to ensure that such contracts of service contain fair and reasonable termination clause which are not overly onerous; and
(vi) review performance measures and targets for any performance-related pay schemes operated by the Company.

In carrying out the above-mentioned duties, the RC shall, *inter alia*:

(i) consider all aspect of remuneration (including director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination payments) and should aim to be fair and avoid rewarding poor performances;
(ii) determine if the level and structure of remuneration of the Board and KMP are appropriate to the specific role and circumstances of each Director and KMP, and recognises their performance, potential and responsibilities, and are proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company;
(iii) measure performance of Directors and KMP who are in control function principally based on the achievement of the objectives of their functions;

(iv) consider reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks. Such information can be obtained by commissioning or purchasing any appropriate reports, surveys or information or through the appointment of external consultants. These will be at the expense of the Company, subject to the budgetary constraints imposed by the Board;
(v) ensure that a significant and appropriate proportion of Executive Directors' and KMP's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company;
(vi) ensure remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into consideration factors such as efforts, time spent and responsibilities, and that Non-Executive Directors are not over-compensated to the extent that the independence of the Non-Executive Independent Directors may be comprised; and
(vii) evaluate if remuneration is appropriate to attract, retain and motive Directors to provide good stewardship of the Company and KMP to successfully manage the Company for the long term.

Provision 6.3

Remuneration Packages and Framework

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Directors, CEO and the KMP after considering, among other things, the performance of the Group, the individual Director / KMP. No Director individually decides or is involved in the determination of his / her own remuneration. The RC's recommendations are submitted for endorsement by the Board.

The RC will also review the Company's obligations under the service agreement entered into with the Executive Directors and KMP that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Provision 6.4

Engagement of Remuneration Consultants

The RC has access to advice from the internal human resource department and, if necessary, the RC may seek advice from external professionals in the field of executive compensation and related matters of which the expenses will be borne by the Company. No external consultant was engaged by the Company in FY2022.

Level and Mix of Remuneration

Principle 7:

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

Provisions 7.1 and 7.3

Remuneration of Executive Directors and KMP

The remuneration policy for the Executive Directors and other executives adopted by the Company generally comprises a basic salary and a variable bonus that is linked to the performance of the Company and individual Executive Director or executive. Currently, the Company does not have any share option or incentive share scheme.

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from the Executive Directors and KMP in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against these personnel in the event of such breach of fiduciary duties.

The remuneration structure of the Executive Directors and KMP is reviewed annually by the RC to determine whether it is effective in attracting, retaining and motivating them. The review includes comparisons against available industry information compiled by the Group's human resource department.

An annual review of the remuneration package of the Executive Directors, CEO and KMP are carried out by the RC to ensure that the remuneration of the Executive Directors, CEO, and KMP after taking into consideration, among other things, their performance and that of the Company, and the market averages.

The Executive Directors do not receive any Directors' fee for their directorship in the Company. The Company advocates a performance-based remuneration system for Executive Directors and KMP that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

Provision 7.2

Remuneration of Non-Executive Independent Directors

The fee structure for the Non-Executive Independent Directors is determined after taking into account factors such as increased focus on risk and governance issues, responsibilities and level of contributions including attendance and time spent at and outside the formal environment of the Board and Board Committees meetings. Currently, the fee includes the following components:

(i) a base fee;
(ii) fee for acting as the Lead Independent Director;
(iii) fee for acting as the Chairman or a member of the ARC, NC or RC; and
(iv) fee for attending additional Board, ARC, NC or RC meetings when the number of such meetings attended exceeded the respective pre-determined number.

Disclosure on Remuneration

Principle 8:

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.

Provision 8.1

Disclosure on Remuneration of Directors, CEO and KMP

The remuneration of the Directors and top five (5) KMP is disclosed as follows:

1. Table below shows breakdown of Directors' remuneration for FY2022 (in percentage terms):

Name of Director	Salary (2)	Bonus (2)	Fees	Other benefits	Total
	%	%	%	%	%
S$1,250,001 to S$1,500,000					
Victor Lo Chung Wing	82	18	-	-	100
S$1,000,001 to S$1,250,000					
Brian Li Yiu Cheung	74	26	-	-	100
S$750,001 to S$1,000,000 (1)					
Lam Hin Lap	82	18	-	-	100
Waltery Law Wang Chak	87	13	-	-	100

Name of Director	Salary [2]	Bonus [2]	Fees	Other benefits	Total
	%	%	%	%	%
S$500,001 to S$750,000					
Grace Lo Kit Yee	79	21	-	-	100
Below S$250,000 [1]					
Allan Choy Kam Wing	-	-	100	-	100
Goh Boon Seong	-	-	100	-	100
Christopher Lau Kwan	-	-	100	-	100
Lim Ah Doo	-	-	100	-	100
Lim Jiew Keng	-	-	100	-	100
Timothy Tong Wai Cheung	-	-	100	-	100

Total Directors' remuneration for FY2022 amounted to S$5,593,000.

Note:
[1] In alphabetical order of the Directors' last names.
[2] Includes contributions to post-retirement benefits.

2. Table below shows breakdown of top five (5) KMP's remuneration for FY2022 (in percentage terms):

Name of Key Management Personnel	Salary [2]	Bonus [2]	Fees	Other benefits	Total
	%	%	%	%	%
S$950,001 to S$1,200,000					
Victor Chong Toong Ying	66	17	-	17	100
S$700,001 to S$950,000 [1]					
Alec Malcolm Chanin	73	25	-	2	100
Jeroen Hoogland	57	28	-	15	100
Charlton Kwong Yiu Cheung	84	13	-	3	100
Richard Yew Cheng Teik	84	14	-	2	100

Total top five (5) KMP's remuneration for FY2022 amounted to S$3,975,000.

Note:
[1] In alphabetical order of KMP's last names.
[2] Includes contributions to post-retirement benefits.

Deviation from the Disclosure required under Provision 8.1

In considering the disclosures of remuneration required under Provision 8.1 of the Code, the RC and Board have considered, *inter alia*, the confidentiality and commercial sensitivity of remunerations matters and a competitive market for talents. The RC and Board recognise that the Group requires a coherent and unified management team, which comprises the Directors and KMP, including the five (5) KMP whose remuneration is subject to disclosure, to achieve its strategic and operating objectives. In addition, the remuneration information disclosed by the Group may be used by its competitors as well as the talents who may join the Group, thus creating upward pressure on remuneration.

After carefully considering all the relevant considerations, the Board has decided to disclose the remuneration of each of the Directors and CEO in bands of S$250,000 which is a deviation from Provision 8.1(a) of the Code. The Company is of the view that the disclosure of the Directors' remuneration in bands of S$250,000 with a breakdown into salary, bonus, fees and other benefits in percentage terms, provides a reasonable amount of information on the Company's remuneration framework to enable the shareholders to understand the link between the Company's performance and the remuneration of the Directors and the CEO. The fees payable to the Non-Executive Independent Directors are put forward to shareholders for approval on an annual basis at the Company's AGM. In addition, the fee structure for the Non-Executive Independent Directors was disclosed under "Provision 7.2 Remuneration of Non-Executive Independent Directors" of this statement.

The Board has determined that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation and accordingly, the Board believes that the disclosure in bands of S$250,000 and in percentage terms is in the best interest of the Group while providing an overview of the remuneration of the Directors and the top five (5) KMP, and is consistent with the intent of Principle 8 of the Code.

Provision 8.2

Disclosure on Remuneration of Immediate Family Member of a Director, the CEO or a Substantial Shareholder

During FY2022, the following employees were related to Mr Victor Lo Chung Wing:

(i) Ms Grace Lo Kit Yee, daughter of Mr Victor Lo Chung Wing, whose remuneration was more than S$100,000 but less than S$200,000 in respect of the period from 1 April 2021 to 30 June 2021. The remuneration of Ms Grace Lo Kit Yee for her service as a Director during FY2022 for the period from 1 July 2021 to 31 March 2022 is disclosed under Directors' remuneration above; and

(ii) Mr Alan Lo Yeung Kit, son of Mr Victor Lo Chung Wing and brother of Ms Grace Lo Kit Yee, whose remuneration was more than S$400,000 but less than S$500,000.

Save as aforementioned, no employee of the Group was an immediate family member of a Director, the CEO or a substantial shareholder of the Company and whose remuneration exceeded S$100,000 during FY2022. "Immediate family" means, in relation to a person, the person's spouse, child, adopted child, stepchild, brother, sister and parent.

Provision 8.3

Details of Employee Share Scheme

During FY2022, no remuneration or compensation was paid or is to be paid in the form of share options because the Company does not have any share option or share incentive plans. The Company may implement such share option or share incentive plans in the future.

Accountability and Audit

Risk Management and Internal Controls

Principle 9:

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

Provision 9.1

Risk Management Framework

The Board is aware that a sound system of risk management and internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedures for reporting immediately to appropriate levels of management any significant risk management and control failings or weaknesses that are identified together with details of corrective action being taken. The Board has therefore established the necessary risk governance structure to ensure the effective executive of its risk management framework, policies and processes.

The Board is responsible for risk governance. All matters pertaining to the management of strategic, external and preventable risks are the responsibility of the ARC. Further information on the ARC, including its composition, are discussed under the "Audit and Risk Committee" section below.

The Group has established terms of reference within the ARC to oversee enterprise risk. The ARC is responsible for defining the level of risk which the business can take in pursuit of its strategic objectives. The ARC also has direct oversight for the proper setting up and maintenance of an enterprise risk management ("ERM") programme which is managed by the CRO.

The Board has already defined a proper framework of assurance for risk management and internal control. This has been in place since December 2014. This contains a Risk Governance and Internal Control Manual and an ERM Programme, which provides the appropriate level of risk consideration and mitigation. These documents also take into consideration the leading elements for proper internal control established by the Committee of Sponsoring Organisations for the Treadway Commission ("COSO") as well as the work performed across the financial period by the Internal Audit Department ("IAD") and other assurance providers. These documents are reviewed by the ARC and the Board annually and any decision making which entails going beyond the risk boundaries established under the defined risk governance of the Group is to obtain explicit Board approval.

The Board establishes the level of risk appetite and risk tolerance which is to be conformed within the pursuit of the business objectives. The Group has risk policies which define how ERM is operationalised within the Group and cover responsibilities for ERM, reporting requirements and the risk assessment process.

The ARC with their direct oversight for ERM across the Group, ensures that Management devises, implements and maintains adequate and effective internal control systems, including financial, operational, compliance and information technology controls, which are relevant to the various businesses within the Group and address the risk exposures accordingly. The Group takes a stance to mitigate and reduce the level of risk exposure for preventable risks. This is done by providing direct accountability to the risk owners and the CRO to track and manage the residual risk to acceptable levels. The ERM programme caters for this and ensures that regular monitoring of risk management activities are in place.

The CRO is responsible for ensuring that the Group risk profile is up-to-date and reflects the potential and relevant risk exposures to the business. Strategic risks are considered during the risk governance exercise and the Board takes an active role in determining how to manage, avoid or build contingencies for such external and strategic matters. All other risks are considered during periodic risk assessment exercises. In such exercises, prevailing and potential risks are reviewed and the risk profile is adjusted based on a collective assessment of the impact and likelihood of these risks (conducted in accordance with the Group's risk management programme for the financial year), as well as the effectiveness of controls in place to address them. The ARC is periodically apprised of the changes to risk profile and any major risk exposures that are insufficiently covered by existing business practices or future strategic initiatives.

Roles of ARC

The overall objective of the ARC is to provide oversight that:

(i) Management has created and maintained an effective risk management and control environment in the Company;
(ii) Management demonstrates the necessary aspect of the internal control structure among all parties; and
(iii) there is a sound internal control system and risk management practices in the Company.

The ARC is governed by its terms of reference and its responsibilities relating to risk management and internal controls largely cover:

(i) review with the external auditors, *inter alia*, their evaluation of the system of internal accounting controls;
(ii) review at least once annually the adequacy and the effectiveness of the Company's internal controls, i.e. the financial, operational, compliance and information technology controls, and risk management systems, including the overall risk assessment process to ensure a robust risk management system is maintained and report to the Board;
(iii) review the assurance provided by the Chairman and CEO and CFO, as well as the assurance provided by the head of IAD regarding, *inter alia*, the effectiveness of the Company's risk management and internal control systems;
(iv) review reports submitted by the CRO and prepare ARC report regarding the adequacy and effectiveness of risk management and internal control systems to the Board;
(v) ensure the head of IAD and CRO has direct and unrestricted access to the Chairman of the Board and ARC; and
(vi) recommend to the Board the statement to be included in the Company's annual report relating to the adequacy and effectiveness of the Company's risk management and internal control systems.

Roles of CRO

The role of the CRO is to:

(i) lead, facilitate, integrate and coordinate risk management;
(ii) create a culture of risk awareness and Management's risk responsibilities;
(iii) bring formal consideration of risk into strategic decision making and set financial targets;
(iv) develop a centre of excellence for managing risk; and
(v) assist the Board and ARC to communicate to all stakeholders, internal and external, about risk.

The responsibilities of the CRO include:

(i) advising and reporting to the ARC and Board on major risk areas on half-yearly and full year results for public announcements;
(ii) reviewing and advising the ARC in formulating its risk policies, including the parameters for risk assessments and methodology to be adopted;
(iii) overseeing Management in the design, development, implementation and monitoring of the risk management and internal control systems;
(iv) advising the ARC on the Company's level of risk tolerance;

(v) developing and guiding the ARC and Board in establishing a process of effectively identifying and managing the implications of risks tolerance in internal controls and strategic transactions to be undertaken by the Company;
(vi) overseeing and advising the Board on the current risk exposures, overall risk tolerance, and overall risk strategy of the Company;
(vii) reviewing the Company's risk profile / risk dashboard on a regular basis to understand the significant risks facing the Company and how they are being mitigated;
(viii) reviewing, and reporting to the ARC the result thereof, at least annually, the adequacy and effectiveness of the Company's internal controls i.e. the financial, operational, compliance and information technology controls, and risk management systems, including the overall risk processes to ensure that a robust risk management system is maintained;
(ix) reviewing periodically the risk limits established by the Group and where applicable, reporting any material breach of such limits and the adequacy of proposed actions to be taken, and if necessary, make recommendations on further action to be taken;
(x) submitting reports to the ARC and assist in the preparation of the ARC reporting regarding adequacy and effectiveness of risk management and internal control systems to the Board (as part of the requirements of Rule 1207(10) of the Listing Manual and Principle 9 of the Code); and
(xi) ensuring the independence of the risk management function throughout the Group.

Risk Management and Internal Control Systems

The Board has, with the assistance of the ARC, evaluated the adequacy and effectiveness of the Group's risk management and internal control systems. There is already an established process in place for the Board to drive the Group's propensity for taking risk and the minimum risk management activities that are expected to be conducted. There is also a formal ERM programme which allows Management to communicate the key changes to business risk to the ARC and thereon the Board. This enables the prioritisation of resources and efforts to address the more pertinent and critical risks to the business.

Aside to this, the Board works with the ARC and senior management to set up organisational objectives, defining strategies to achieve them and establishing the necessary governance risk management and control frameworks to manage the risks to their achievement.

Management's responsibility to achieve organisational objectives comprises both first and second line roles. The first line roles are primarily responsible for managing organisational risks through designing and implementing appropriate mitigating controls rests with operational management who own and manage risks. First line roles most directly aligned with the delivery of products and / or services to clients of the organisation, and include the roles of support functions.

The second line comprises risk management and compliance functions, which is being headed by the CRO, to help build and / or monitor the first line. Second line roles provide assistance with managing risk, facilitates monitoring and early detection of plausible risks. These are brought to the attention of the ARC where needed, to assign and re-deploy resources to counter the risk exposure.

Risk management functions are designed to facilitate and monitor the implementation of effective risk management practices by management throughout the organisation, assisting risk owners in defining target risk exposure and providing adequate risk reporting. The principal purpose of compliance functions is to monitor compliance with applicable laws and regulations. It is common for multiple compliance teams to operate within an organisation, with responsibility in areas such as health & safety, human resources, legal, supply chain, environmental or quality.

As a final line, the Group also maintains an in-house IAD. The principal function of the third line is to provide risk assurance. Internal audit provides assurance on the effectiveness of governance, risk management and internal controls, including first and second line controls. Internal audit is independent of management with a direct reporting line to the governing body / ARC.

Although they sit outside the organisation, external auditors can play an important role through their considerations of the governance and control structure where this is relevant to financial reporting. For regulated entities, specific governance and risk management requirements are often set by the regulators who may also undertake their own independent controls assessment, which can be a useful source of assurance.

The ARC seeks assurance from all the above mentioned parties and holistically assesses if there are any material gaps or concerns and highlights which would impact the ability of the Board to opine on the state of internal control. Such an exercise is conducted annually.

Provision 9.2

Assurances from the CEO and CFO, and from Key Senior Management

The Board has received written assurance from the CEO and CFO that as at 31 March 2022, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Board has also received written assurance from the CEO, CFO and other Executive Directors (the "Key Senior Management") that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place were adequate and effective as at 31 March 2022 to address the risks that the Group considers relevant and material to its business operations.

The Key Senior Management are involved in the assurance activities described above. Specifically, they are engaged in the development of the Group's Risk Governance and Internal Control Manual, the profiling of the enterprise risks, as well as the first and second line roles. Their active involvement in charting out Management's responses as well as their interaction with the ARC and Board, provide further grounds for their assurance over operational (including technology), financial and compliance risk matters.

The Board with the assistance of the ARC, has undertaken an annual evaluation of the adequacy and effectiveness of the risk management and internal control systems. The assessment considered both the key risk profile of the Company, the ability to discharge proper risk governance responsibilities and the existence and effectiveness of the principles within the Company to meet the requirements of an effective internal control system as stipulated by COSO.

The Board's annual assessment of risk management and internal control was based on the Risk Governance and Internal Control Manual and the evaluation against a COSO Internal Control Checklist which considered:

(i) the changes to the business strategy and accompanying changes to the risk profile, risk appetite and tolerance limits;
(ii) the changes to the Board authority and authorisation responsibilities delegated to Management in respect of the changes to the key business strategies;
(iii) the policies and authorisation responsibilities of the Company;
(iv) the adequacy and effectiveness of risk management activities to address the pertinent risks;
(v) the controls and activities in place to uphold and enforce the principles of effective internal control by COSO covering the control environment, risk assessment, control activities, information and communication and monitoring activities; and
(vi) the occurrence of significant internal control weaknesses during the financial period and whether these issues were adequately and properly addressed.

The Board reviewed the above in order to understand the profile of risks relevant to the Company and the appropriateness of counter-measures to manage them.

In addition to the above, the Board has also sought assurance from the internal audit function on the effectiveness of the risk management programme and the state of internal control for the areas covered under their internal audit plan for the financial period.

Board's and ARC's Opinion on Internal Controls and Risk Management Systems
Based on the internal controls and risk governance practices established and maintained by the Group, work performed by the IAD and external auditors, assurance from Key Senior Management and reviews performed by the ARC and Management, the Board with the concurrence of the ARC is of the opinion that as at 31 March 2022, the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management system, were adequate and effective.

The Board and the ARC are also responsible for (a) monitoring the Company's risk of becoming subject to, or violating, any sanction-related law or regulation, and (b) ensuring timely and accurate disclosures of any such risks to SGX-ST and other relevant authorities. The Company will inform shareholders of any sanction-related risks on the Company, the impact (such as the financial impact and the operational impact) to the Group, if any, and also the cessation of such risk via announcement to SGXNet.

Notwithstanding the above, the system of internal controls and risk governance practices do not provide absolute but reasonable assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

Audit and Risk Committee
Principle 10:
The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.2 and 10.3
Composition of ARC
The ARC currently has six (6) Non-Executive Independent Directors, as follows:
Mr Lim Ah Doo (Chairman)
Mr Allan Choy Kam Wing (Member)
Mr Lim Jiew Keng (Member)
Mr Goh Boon Seong (Member)
Mr Timothy Tong Wai Cheung (Member)
Mr Christopher Lau Kwan (Member)

The Chairman of the ARC (the "ARC Chairman"), Mr Lim Ah Doo, is a Non-Executive Independent Director and the Lead Independent Director.

The ARC Chairman and members of the ARC are experienced professionals and / or businessmen. They have relevant experience and are knowledgeable in accounting, banking and financial management. The members have been elected also on the basis that they possess extensive general business knowledge. The Board is of the view that all members of the ARC have sufficient financial management expertise, commercial and business experience to discharge their duties and responsibilities adequately and effectively.

The terms of reference of the ARC specifically disallows a former partner or director of the Company's existing auditing firm or auditing corporation shall not act as a member of the ARC (a) within a period of two (2) years commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation. Neither any member of the ARC nor the ARC Chairman are former partners or directors of the Group's external audit firm.

The ARC convened five (5) meetings during FY2022. During these meetings, the ARC reviewed, *inter alia*, the unaudited half-yearly and full year financial results before they were announced to SGX-ST, received the reports by the IAD and was briefed by the external auditors of the Company, Messrs Deloitte & Touche LLP ("DT"), on their Professional Service Planning Memorandum ("PSPM") prepared in connection with the annual statutory audit.

The ARC had therefore been apprised of the relevant new or changes to financial reporting standards and relevant laws and regulations via their review of the PSPM and are kept abreast of changes of accounting standards and issues which have a direct impact on financial statements through updates from the Group's external auditors.

Provision 10.1

Terms of Reference of ARC

In addition to the oversight for risk management matters and internal controls, the ARC also provides oversight for financial and audit related matters of the Group. The ARC has a formalised terms of reference which sets out the membership, administration, duties, reporting procedure, attendance at general meetings and remuneration of the members of the ARC. In addition to the responsibilities relating to risk management and internal controls discussed under "Provision 9.1 Risk Management and Internal Controls", the responsibilities of the ARC also include:

(i) reviewing with external auditors, *inter alia*, their audit plan, nature and scope of the audit, evaluation of internal controls and audit report;
(ii) reviewing half-yearly and full year results for public announcement and annual financial statements to ensure their integrity before submission to the Board for approval, with particular focus on significant financial reporting issues and judgements, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, going concern statement, compliance with accounting standards, SGX-ST and statutory / regulatory requirements;
(iii) discussing problems and concerns, if any, arising from the audit;
(iv) reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually;
(v) reviewing reports submitted by the CRO and preparing ARC report regarding the adequacy and effectiveness of risk management and internal control systems to the Board;
(vi) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
(vii) reviewing the internal audit programme and the adequacy and effectiveness of the Company's internal audit function, and ensuring co-ordination between the internal and external auditors and Management;
(viii) ensuring the internal audit function is independent of the activities it audits, reports primarily to the ARC, has unfettered access to all the Company's documents, records, properties and personnel has sufficient resources to perform its duties, and has appropriate standing within the Company;
(ix) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting firm / auditing firm or corporation to which the internal audit function is outsourced;
(x) recommending to the Board the appointment / re-appointment of the external auditors, the audit fee and matters related to the resignation or dismissal of the auditors;
(xi) reviewing Company's procedures for detecting fraud and arrangements by which staff of the Company 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 actions to be taken;

(xii) ensuring external auditors have direct and unrestricted access to the Chairman of the ARC and the Chairman of the Board;
(xiii) reviewing the assurance provided by the CEO and CFO (or their equivalents) regarding the financial records being properly maintained and the financial statements give a true and fair view of the Company's operations;
(xiv) reviewing the Group's IPTs and considering whether they are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders; and
(xv) undertaking such other reviews and projects as may be requested by the Board, and such other functions and duties as required by statute or the Listing Manual or the Code.

The ARC has explicit authority to investigate any matter within its terms of reference and has full and unfettered access to and co-operation by Management. The ARC is able to draw on independent professional advice at the Company's expense, to enable it to discharge its function properly.

The ARC meetings are held with the internal and external auditors and by invitation, any Director and Management representative.

The ARC and Board noted that the Company's external auditors are engaged to audit the financial statements of the Company and its Singapore-incorporated subsidiaries and significant associated companies. The ARC and Board are satisfied that suitable auditing firms are engaged for its significant foreign-incorporated subsidiaries and associated companies. Accordingly, the Company complies with Rule 712 and Rule 715 of the Listing Manual.

The ARC has considered the report from DT, including their findings on significant risks and the key areas of audit focus. The ARC has discussed and reviewed the key audit matters ("KAMs") included in the independent auditor's report for FY2022 with Management and DT, and is in agreement with the KAMs highlighted. The independent auditor's report for FY2022 is set out on pages 31 to 35 of the Annual Report.

The ARC conducted a review of the Group's IPTs to ensure that the transactions were in accordance with the Shareholders' Mandate and complied with Chapter 9 of the Listing Manual. The ARC is satisfied that other than those reported to the ARC, there were no material contracts involving the interests of the Directors, the controlling shareholders or their associates. The ARC is therefore satisfied over the adequacy of internal controls relating to the identification, evaluation, review, approval and reporting of IPTs.

Auditor's Independence

The ARC has reviewed all non-audit services rendered by DT and is of the opinion that such services received would not affect the auditor's independence. During FY2022, the aggregate amount of fees paid and payable to DT and its member firms is as follows:

Type of service	S$'000
Audit	1,581
Non-audit	57
	1,638

Whistle Blowing Policy
The Company has established a Whistle Blowing Policy and the ARC is responsible for oversight and monitoring of the said policy, whereby staff and outsider may raise concerns about possible improprieties such as irregularities in financial reporting, fraudulent acts, bribery and corruption and other matters allegedly committed by management and staff of the Company or its subsidiaries. Pursuant to the Whistle Blowing Policy:
(i) arrangements are in place for independent investigations by the ARC of such matters and review of the outcome of the follow-up actions;
(ii) the identity of the whistle blower is kept confidential; and
(iii) any form of disadvantage or reprisal against the whistle blower by Management is expressly prohibited.

The Whistle Blowing Policy and reporting procedure is posted on notice boards of the Group's factories and the Group's intranet.

Provision 10.4
Internal Audit Function
The Group's internal audit function is performed by the in-house IAD which presently has a staff strength of six (6). The IAD is headed by a Director of Internal Audit (the "IA Director"). The internal audit function is independent of Management and has unfettered access to all the Company's documents, records, properties and personnel, including the ARC and has appropriate standing within the Company.

The IA Director has a direct and primary reporting line to the ARC Chairman.

The ARC assesses on a regular basis, the resourcing adequacy of the IAD, remuneration, performance evaluation and all outsourcing arrangements entered into with external professional services providers (if any). The hiring and removal of the head of IAD is also subject to the ARC's review and approval.

All members of IAD including the IA Director are suitably qualified and the IA Director holds professional certifications in internal auditing issued by the Institute of Internal Auditors (the "IIA"). The IAD is given sufficient time and resources dedicated by Management to facilitate the proper completion of internal audits and reporting of any material matters to the ARC.

The IAD adopts the internal control framework established by COSO when performing its work and the internal audit plan is developed through a risk centric approach. The IAD has adopted and conducts its internal audit reviews based on the International Standards for the Professional Practice of Internal Auditing (the "IIA Standards") of the International Professional Practices Framework of the IIA. This ensures that the IAD maintains the appropriate level of conformance to the attribute and performance standards of an internal audit function. Members of the IAD also undergo continuous professional training through attendance at professional technical training sessions organised by qualified external institutions and bodies.

The IAD formally reports the findings from the internal audit reviews conducted at the quarterly ARC meetings. On an annual basis, the ARC reviews and approves annual internal audit plan as well as any further requirements in professional resources to conduct the required internal audit reviews. The key findings from the internal audit reviews are also shared with the risk management team and the CRO, to facilitate the necessary inclusion in the consideration of the Group's risks during the risk assessment process.

As part of the work done to provide the basis for the opinion on internal control, the ARC also assesses the findings of:
(i) the internal audit visits performed on the activities or entities within scope;
(ii) the evaluation of the framework of risk governance; and
(iii) the assessment of adequacy of risk management and internal controls over financial, operational and compliance risk as principally managed by the first and second line roles.

The ARC also evaluates any weaknesses or material non-compliance identified by the external auditors during the course of their financial audit, and the effectiveness of remediation actions taken to address the issues reported (if any).

The quality of the IAD is regularly assessed to ensure compliance with the IIA Standards. During the financial year ended 31 March 2016, the Company engaged one of the big four accounting firms, other than DT, to perform a Quality Assurance Review ("QAR") on the internal audit function, based on Standard 1312 – *External Assessments of International Professional Practices Framework of the IIA*. The QAR covered the attribute standards (attributes of the function and individuals that perform internal audit) and the performance standards (which defines the nature of internal audit and provides quality criteria to measure the performance of these services). The QAR confirmed that the IAD complied with the requirements of the IIA Standards in all material respects.

The IAD plans to engage an external professional party to perform another QAR during the current financial year commenced on 1 April 2022 to re-confirm that the quality of the IAD complies with the requirements of the IIA Standards in all material respects.

The ARC considers that the internal audit function is independent, effective and adequately resourced.

Provision 10.5

Meeting Auditors without the Management

The ARC also meets annually with the external and internal auditors, without the presence of Management, as well as only with the external auditors without the presence of the internal auditors and Management.

Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings

Principle 11:

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

Arrangements for AGMs held in 2020 and 2021

Due to the COVID-19 safe management measures implemented in Singapore in 2020 and 2021, pursuant to, *inter alia*, the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment) Order 2020 (the "Order") which was gazetted on 13 April 2020, and the announcement by the Ministry of Law ("MinLaw") on 6 April 2021 that MinLaw, in consultation with relevant Ministries and agencies, had further extended the duration of legislation that enables entities to hold meetings via electronic means, beyond 30 June 2021, the Company adopted certain alternative arrangements in holding its AGM in 2020 and 2021, including:

(i) the AGMs were held via electronics means;
(ii) participation in the AGMs electronically by shareholders via live audio-visual webcast or live audio-only stream;
(iii) appointment of the Chairman of the respective AGM by shareholders as their proxy to vote on their behalf at the respective AGM if such shareholders wish to exercise their voting rights; and
(iv) submission of questions on matters relating to the agenda of the respective AGM to the Company in advance.

In addition, the Company was not required to distribute physical copies of the annual report, the notice of the AGM and related meeting documents. Such documents were available for download from the Company's website and the website of SGX-ST.

Arrangements for AGM to be held on 29 July 2022

With the easing of COVID-19 safe management measures implemented in Singapore in 2022, the Company will hold a physical meeting for its AGM on 29 July 2022 (the "2022 AGM"), which enables the Company to resume its past practices on shareholders rights and conduct of general meetings as discussed below.

Provision 11.1

Shareholders' Participation in General Meetings

Notice of AGM and / or extraordinary general meeting ("EGM") (a "General Meeting" and collectively, "General Meetings") together with related documents such as annual report or circular to shareholders, are sent to every shareholder of the Company. The notices of General Meeting include information on, *inter alia*, the effect of the proposed resolutions in respect of the non-routine businesses.

The notices of General Meetings are also published in a major local newspaper and announced via SGXNet and made available on the Company's website at http://www.gp-industries.com.

In order to provide ample time for the shareholders to review, the notice of AGM, together with the annual report, is announced via SGXNet and the Company's website fourteen (14) days before the scheduled AGM date. Shareholders are encouraged to attend the General Meetings to ensure a high level of participation and accountability.

As part of the Group's sustainability efforts, starting from the 2022 AGM, the Company will only distribute printed copies of the notice of AGM and proxy form to its shareholders. Printed copies of the annual report relating to the meeting, which will be available online as above-mentioned, will only be distributed upon request.

The Company allows any shareholder (who is not a relevant intermediary), who is unable to attend a General Meeting in person, to appoint not more than two (2) proxies to attend and vote in his or her place at the General Meetings via proxy forms submitted in advance (i.e. not less than forty-eight (48) hours before the time appointed for holding the General Meeting). The proxy form is sent with the notices of General Meetings to all shareholders.

Since 2016, members who are "relevant intermediary" have been allowed to attend and participate in General Meetings without being constrained by the two-proxy requirements. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund Board which purchases shares on behalf of the Central Provident Fund investors. A proxy need not be a member of the Company.

Therefore, indirect investors can be appointed as proxies to participate in General Meetings and are given the same right as direct investors in General Meetings.

Shareholders are invited to attend the General Meetings to put forth any questions they may have on the motions to be debated and decided upon.

Provisions 11.2 and 11.4

Conduct of Resolutions and Voting

The Company puts substantially separate issues to vote at a General Meeting as separate resolutions, unless the resolutions are interdependent and linked to form one significant proposal. Where the resolutions are "bundled", the reasons and material implications will be provided in the notice of General Meeting.

All shareholders, other than those who are considered the "Interested Persons" in an IPT (as defined in the Listing Manual) subject to the approval by the shareholders, are entitled to vote at General Meetings.

In addition, at a General Meeting, the Company Secretary and representatives from the share registrar's office are also available to provide shareholders with information on the rules that govern the meeting, including voting procedures.

Shareholders are encouraged to attend the Company's General Meetings. As discussed above, subject to the provisions of the Company's Constitution and the Companies Act, shareholders who are unable to attend and vote in person or indirect shareholders can appoint proxy or proxies to attend and vote at all General Meetings on his / her behalf. However, voting in absentia is currently not implemented but the Company will consider voting in absentia when issues relating to security and authenticity of shareholders' identity, and other pertinent issues are resolved.

Since the Company's AGM held on 29 July 2016, resolutions are voted by poll at General Meetings. As such, shareholders who are present in person or represented by proxies will be entitled to one (1) vote for each share held. The shareholders are informed of the voting procedures at the commencement of the General Meetings. Independent scrutineers are appointed to ensure the poll is properly conducted and the results are properly compiled. At a General Meeting, results of electronics poll are immediately displayed after a resolution is put to vote. Outcome of a General Meeting, the name of the independent scrutineer and other relevant information is announced to SGXNet after each General Meeting pursuant to the rules of the Listing Manual.

Provision 11.3

Interaction with Shareholders

At General Meetings, shareholders are given the opportunity to communicate their views and ask questions regarding the Group and matters tabled at the meeting. Board members, Chairman of the ARC, NC and RC are available to address questions raised at AGMs. Attendance of the Directors at the Company's General Meetings held during FY2022 are disclosed under the "Board's Conduct of Affairs" section above. In addition, the Company's external auditors, DT, are also invited to attend AGMs to address questions which are related to the conduct of the audit. In EGMs, external professional advisors engaged in advising the matters being put to vote are invited to attend the meetings, so that the shareholders can seek necessary clarification directly from these professional advisors.

Provision 11.5

Minutes of General Meetings

The proceeding of each of the General Meetings will be properly recorded, including substantial or relevant comments or queries from shareholders relating to the agenda of the General Meetings and responses from the Board and Management. All minutes of the General Meetings will be available on the Company's corporate website.

Provision 11.6

Dividend Policy

The Company does not have a formal dividend policy. The Directors may recommend or declare in respect of any particular financial year or period after considering, among other things, the Group's earnings, financial position, results or operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

Final dividend proposed by the Board is subject to approval by the shareholders at an AGM.

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

<u>Provisions 12.1, 12.2 and 12.3</u>
<u>*Investor Relations Practices*</u>
The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Company and the Group via SGXNet, in line with the Company's disclosure obligation pursuant to the rules of the Listing Manual and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

<u>*Disclosures of Information*</u>
The Company does not practise selective disclosure. The Company informs shareholders, stakeholders and the public of all material information about the Company and the Group through announcements, timely released via the SGXNet. For example, unaudited half-yearly and full year financial results and daily share buy back activities are announced within the period stipulated by the relevant rules of the Listing Manual. Price sensitive information is first publicly released, either before the Company meets with any group of investors or investment analysts or simultaneously with such meetings, if necessary. The Company's announcements are also available on the Company's website.

Pertinent information is communicated to shareholders primarily through timely announcements released via SGXNet. To ensure the announcements are as descriptive, detailed and forthcoming as possible, the announcements are reviewed by the Company Secretary before they are released. In addition, where appropriate, announcements are prepared with the assistance of other professional advisors, such as legal advisors and financial advisors.

<u>*Dialogue with Shareholders*</u>
The AGM is the annual forum at which the Company directly communicates with the shareholders, gather their views and input and address their concerns. In addition, shareholders can also contact the Company through electronic mails, written correspondences and telephone through which investors can share their views on the Group with Management.

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

<u>Provision 13.1</u>
<u>*Engagement with Stakeholders*</u>
The Company and the Group has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. Six (6) stakeholders' groups have been identified through an assessment of their significance to the business operations. They are namely, employees, customers, suppliers, shareholders, government and regulators authorities, and local communities.

Provision 13.2

Strategy and Key Areas of Focus

The Company and the Group have undertaken a process to determine the economic, environmental and social issues, which are considered important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are set and monitored.

The Company has arrangements in place to engage and manage relationship with its material stakeholders. The Company's sustainability report for FY2022 (the "FY2022 SR") sets out in more details how the Group identifies its material stakeholders and strategies employed by the Group to engage its stakeholders, as well as such engagement activities during FY2022, which will be issued latest by August 2022.

Provision 13.3

Corporate Website

The Company's website is one of the conduits through which the Group engages with its stakeholders. Stakeholders can obtain background information and published financial information about the Group, as well as contact information should more information be required.

Dealing in Securities

The Group has adopted a Code of Best Practices on Securities Transactions with respect to dealings in securities by Directors and officers of the Group.

Directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing one (1) month before the announcement of its half-yearly results and full year results, ending on the date of the relevant announcement of the results.

Directors and officers are also prohibited from dealing in the Company's securities when they are in possession of potentially price sensitive information.

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

The Company has complied with its Code of Best Practices on Securities Transactions.

Material Contracts

Save as disclosed in the Directors' Statement and the financial statements and under the "Interested Person Transactions" section below, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interests of the Chairman and CEO, Directors or the controlling shareholders, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Sustainability

The Board recognises that sustainability is a key factor to the long-term success of the Group, which enhance the stakeholder value. In formulating its business strategies, due consideration are given by the Board to risks and opportunities arising from the sustainability issues.

The Board has delegated the responsibility for monitoring and overseeing the Group's sustainability efforts to management, comprising the Executive Directors and the heads of functional departments, such as finance and human resources, and business units. The Group's Environmental, Health and Safety Committee (the "EHS Committee") is tasked to evaluate and determine the environmental, health and safety related risks pertaining to the Group's businesses.

The Board incorporates sustainability issues into the strategic formulation of the Group. The Board approves the material environmental, social and economic factors identified by the EHS Committee, and ensures that the factors identified are well-managed and monitored by the EHS Committee.

The Group's sustainability efforts and performance for FY2022 will be discussed in more details in the separate FY2022 SR. The FY2022 SR, which meets the requirement of the Listing Manual, is expected to be available by August 2022.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's IPTs. The Company's disclosure in accordance with Rule 907 of the Listing Manual in respect of IPTs for FY2022 is as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual during the financial year under review (excluding transactions less than S$100,000)	
		2022	2021	**2022**	2021
		S$'000	S$'000	**S$'000**	S$'000
Sales:					
Huizhou Light Engine Limited	(Note a)	**202**	-	**-**	12
Time Interconnect Technology (Huizhou) Limited	(Note a)	**-**	-	**-**	50
Purchases:					
Light Engine Limited	(Note a)	**137**	-	**-**	-
Consideration received for disposal of a subsidiary:					
Time Interconnect Investment Limited	(Note a)	**12,468**	-	**-**	-
Consideration payable by an associate for proposed acquisition:					
United Luminous International (Holdings) Limited	(Note a, b)	**72,626**	-	**-**	-

(Note a) An associate of a director / controlling shareholder.

(Note b) Completion of the proposed acquisition, which was announced on 31 March 2022, is subject to, *inter alia*, approval by independent shareholders of the Company at a meeting to be convened.

Shareholdings Statistics

As at 20 June 2022

Class of equity securities	:	Ordinary shares
Number of issued shares	:	521,358,482
Number of issued shares excluding treasury shares and subsidiary holdings	:	483,843,482
Voting rights	:	One vote per ordinary share

Treasury shares and subsidiary holdings

Number of treasury shares	:	37,515,000
Number of subsidiary holdings	:	-
Percentage of treasury shares and subsidiary holdings held against the total number of issued shares excluding treasury shares and subsidiary holdings	:	7.75%

Distribution of shareholdings

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 - 99	43	3.01	1,767	0.00
100 - 1,000	229	16.00	195,682	0.04
1,001 - 10,000	680	47.52	3,269,022	0.68
10,001 - 1,000,000	470	32.84	33,308,708	6.88
1,000,001 and above	9	0.63	447,068,303	92.40
	1,431	100.00	483,843,482	100.00

Public float

As at 20 June 2022, approximately 13.85% of the Company's issued shares (excluding treasury shares and subsidiary holdings) are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Substantial shareholders

(as recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Name of substantial shareholder	Number of shares	%	Number of shares	%
Gold Peak Technology Group Limited	414,098,443	85.59	-	-
Victor Lo Chung Wing [1]	300,000	0.06	414,098,443	85.59

Note:

(1) Mr Victor Lo Chung Wing's deemed interest in 414,098,443 issued shares of the Company arises pursuant to his direct interest in the issued shares of Gold Peak Technology Group Limited (formerly known as Gold Peak Industries (Holdings) Limited) ("Gold Peak") of approximately 26.54%, and Gold Peak's direct interest in 414,098,443 issued shares of the Company.

Twenty largest shareholders

No.	Name of shareholders	Number of shares	%
1.	Gold Peak Technology Group Limited	414,098,443	85.59
2.	UOB Kay Hian Private Limited	14,729,607	3.04
3.	Ablewood International Limited	5,830,000	1.21
4.	DBS Nominees (Private) Limited	4,499,459	0.93
5.	Citibank Nominees Singapore Pte Ltd	2,239,326	0.46
6.	DBS Vickers Securities (Singapore) Pte Ltd	1,571,254	0.33
7.	Brian Li Yiu Cheung	1,465,000	0.30
8.	Phillip Securities Pte Ltd	1,403,114	0.29
9.	Koh Beng Ling	1,232,100	0.25
10.	Ng Poh Mui	850,100	0.18
11.	Woo Koon Chee	782,300	0.16
12.	iFAST Financial Pte. Ltd.	764,600	0.16
13.	Heng Siew Eng	747,500	0.15
14.	Tan Seok Ling	673,409	0.14
15.	Lim & Tan Securities Pte Ltd	635,248	0.13
16.	Raffles Nominees (Pte.) Limited	632,007	0.13
17.	Quah Biow Chye	593,140	0.12
18.	Jack Investment Pte Ltd	578,500	0.12
19.	Hobee Print Pte Ltd	570,000	0.12
20.	Chiam Toon Chew	517,224	0.11
		454,412,331	93.92

Glossary

1HFY2022	the first half of the financial year ended 31 March 2022
2HFY2022	the second half of the financial year ended 31 March 2022
Board	the board of directors of the Company
China / PRC	the People's Republic of China
Company / GP Industries	GP Industries Limited (SGX Trading code: G20)
Directors	directors of the Company
FY	financial year, 1 April of a year to 31 March of the following year
FY2021	the financial year ended 31 March 2021
FY2022	the financial year ended 31 March 2022
FY2023	the financial year ending 31 March 2023
Gold Peak	Gold Peak Technology Group Limited (HKEx stock code: 40)
GP Batteries	GP Batteries International Limited
GPEHZ	GP Electronics (Huizhou) Co., Ltd.
GPET	GP Electronics & Acoustics Co., Ltd.
Group	the Company and its subsidiaries
Hong Kong	Hong Kong Special Administrative Region, China
Meiloon	Meiloon Industrial Co., Ltd.
SGX-ST	the Singapore Exchange Securities Trading Limited
UK	the United Kingdom
US / USA / United States	the United States of America
XIC	XIC Innovation Limited
ZYNB	Zhongyin (Ningbo) Battery Co Ltd, the Group's 70%-owned subsidiary in Ningbo, PRC

GP Industries Limited

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