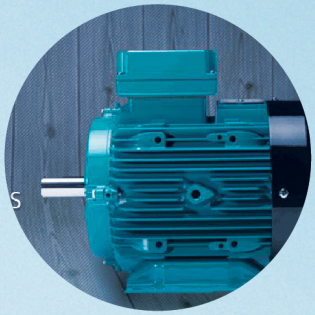

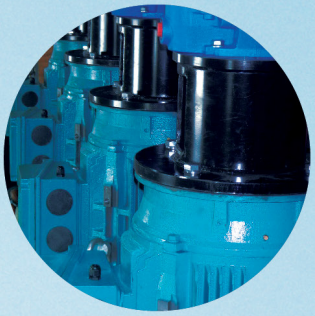
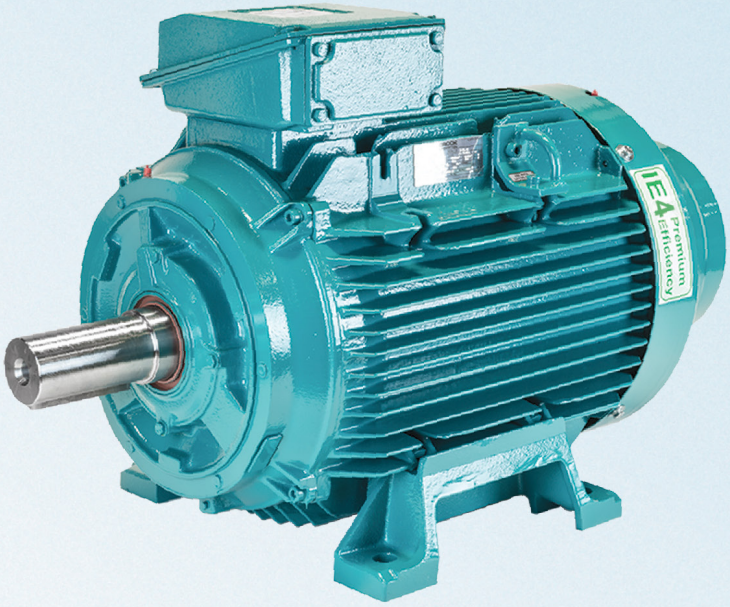

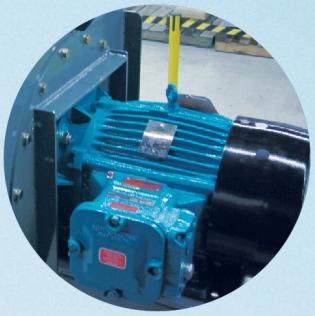

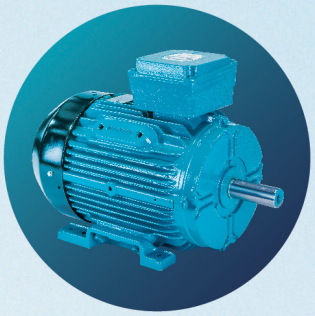

BROOK
CROMPTON
a **WOLONG** *company*

SUSTAINING THROUGH CHALLENGE

Annual Report 2019

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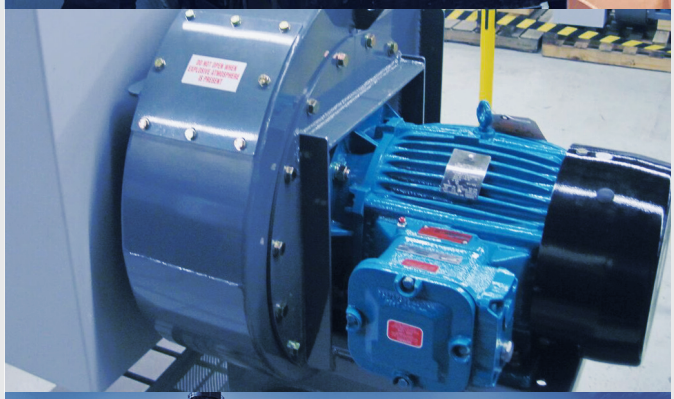
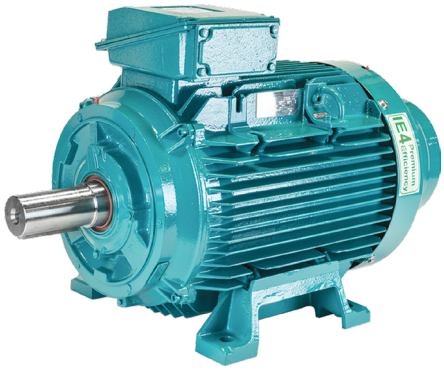


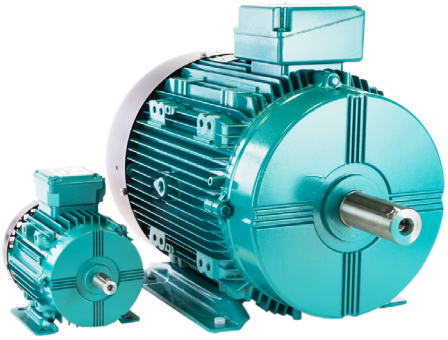
CORPORATE PROFILE

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



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

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

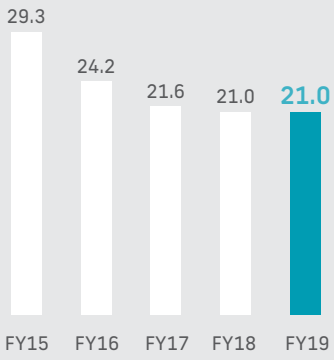


Our expanded sales and marketing teams are moving rapidly to widen our client base across the continents. Under the flagship of BROOK CROMPTON, Brook Crompton UK Limited covers the markets in the United Kingdom, the Middle East, North Africa and Continental Europe; Brook Crompton USA, Inc and Brook Crompton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

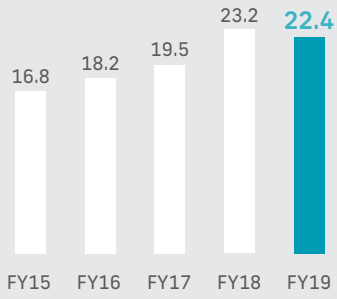
FINANCIAL HIGHLIGHTS

INCOME STATEMENT (S$'000)	FY2015	FY2016	FY2017	FY2018	FY2019
Turnover	50,764	47,806	44,865	47,646	46,697
Profit from continuing operations	3,441	4,342	3,474	3,622	3,866
Total Profit attributable to shareholders	3,441	4,342	3,474	3,622	3,866
STATEMENT OF FINANCIAL POSITION (S$'000)					
Non-current assets	3,078	3,383	2,871	2,316	6,527
Current assets	37,007	35,930	39,862	41,019	43,820
Current liabilities	14,291	11,289	11,748	11,321	11,032
Non-current liabilities	239	388	798	587	4,552
Shareholders' fund	25,555	27,636	30,187	31,427	34,763
STATEMENT OF CASH FLOWS (S$'000)					
Net cash generated from operating activities	3,719	2,008	6,916	4,723	3,482
Net cash used in investing activities	(195)	(58)	(175)	(83)	(25)
Net cash used in financing activities	(4,692)	(1,792)	(792)	(1,870)	(1,475)
Cash & cash equivalents at the beginning of financial year	8,602	7,772	6,841	12,956	15,392
Effect of exchange rate fluctuation on cash held	338	(1,089)	166	(334)	227
Cash & cash equivalents at the end of financial year	7,772	6,841	12,956	15,392	17,601

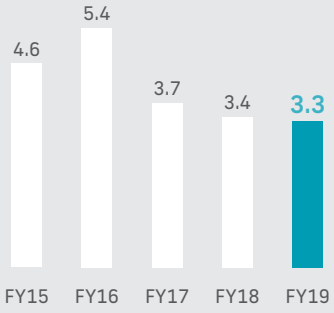
SALES BY GEOGRAPHICAL SEGMENT



UNITED KINGDOM SALES (S$M)



NORTH AMERICA SALES (S$M)



ASIA PACIFIC SALES (S$M)

CORPORATE STRUCTURE

BROOK CROMPTON
a WOLONG *company*

EUROPE

Brook Crompton UK Limited

ASIA PACIFIC

Brook Crompton Asia Pacific Pte Ltd

NORTH AMERICA

Brook Crompton USA, Inc

Brook Crompton Limited (Canada)

GEOGRAPHICAL PRESENCE

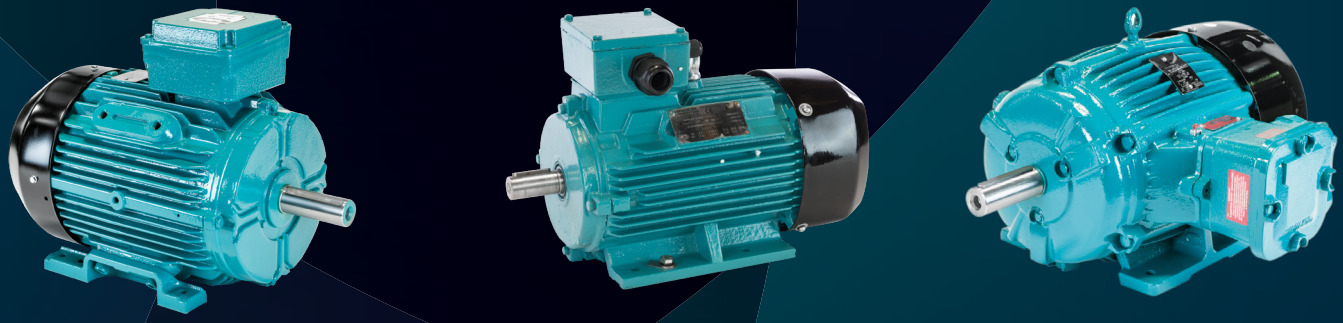
SALES OFFICE

Florida
Toronto
Montreal
United Kingdom
Singapore

WAREHOUSE

Toronto
Montreal
Florida
Chicago
Dallas
Memphis
Houston
United Kingdom

CHAIRMAN AND CEO STATEMENT



"The Group turnover for the financial year ended 31 December 2019 decrease 2.0% to S$46.7 million, mainly due to lower revenue contribution from BC North America for the United States and Canada markets as compared to prior year."

CHAIRMAN AND CEO STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present to you the annual report for Brook Crompton Holdings Limited for the financial year ended 31 December 2019 ("FY2019").

2019 was a year of ongoing business evolution for the Brook Crompton Group with the growth trend in the North American market helping to offset the ongoing challenging market conditions in the United Kingdom and in the Asia Pacific countries. Growth at OEM customers in Canada and the United States of America has helped to offset the ongoing trend of OEM customers and end-users scaling down, or even exiting the United Kingdom with the BREXIT uncertainties being a significant contributory factor. Brook Crompton UK Limited ("BCUK") remains the largest revenue contributor to the Group, however the combined revenue of the Brook Crompton North American operations ("BCNA") in the United States and Canada in 2019 brought a similar contribution to that of BCUK. Brook Crompton Asia Pacific Pte Ltd ("BCAP") found 2019's market challenging but was able to maintain business through its distribution network.

The global oil and gas industry faced continuing challenges during 2019, however this was offset by growth in the water and wastewater segment where the Group was able to generate growth in both the Canadian and UK markets. Momentum was lost towards the end of 2019 as the reality of Brexit and new tariffs imposed in the US market on China manufactured goods impacted market confidence. The Group has worked diligently with core partners to develop an updated business model to generate growth in the EU in 2020, and with its' suppliers to widen their manufacturing base mitigating the impact of the tariffs in the US on China manufactured goods.

FINANCIAL HIGHLIGHT

Financial performance

The Group turnover for the financial year ended 31 December 2019 decrease 2.0% to S$46.7 million, mainly due to lower revenue contribution from BC North America for the United States and Canada markets as compared to prior year. BCUK remains the largest revenue contributor to the Group. At Gross Profit level, there was a slight decrease from S$15.1 million in prior year to S$15.0 million in current year, resulting from lower sales of products with a better margin in current year.

Net profit before tax for the Group improved as compared to prior year. This is achieved from lower group expenses in current year as compared with the prior year, especially for the administrative expenses. The administrative expenses in current year was much lower as compared to prior year, mainly due to one off severance payment to the employees in prior year. However, no such costs incurred in current year.

The Group reported a net attributable profit of S$3.9 million against S$3.6 million prior year. EBITDA (earnings before interest, foreign exchange impact from financing activities, tax and depreciation and amortisation) in current year was S$5.6 million, much higher than as compared to prior year of S$4.8 million. This was mainly due the adoption of SFRS (I) 16 Leases with additional depreciation charged on the right-of-use assets.

Statement of Cash flow Highlights

The Group has a good cash flow position due to continuing operational profitability and active capital management. Net cash generated from operating activities decreased to S$3.5 million compared to S$4.7 million in prior year, mainly due to higher inventory replenishment as compared to prior year and prompt payment made to major suppliers. Net cash used in financing activities decreased to S$1.5 million from prior year of S$1.9 million, mainly due to lower dividend pay-out made to shareholders in current year. Net cash position stands at S$17.6 million from the prior year S$15.4 million.

Statement of Financial Position Highlights

The Group's shareholders' funds rising to S$34.8 million from S$31.4 million prior year, after taking in the net profit for the year of S$3.9 million and after dividend pay-out of S$0.7 million. Current ratio stays at a healthy level of 4.0 compare to 3.6 in prior year. Cash and cash equivalents have improved from S$16.5 million in prior year to S$17.9 million in current year, resulted from collection from trade debtors and realisation of profits for the year. Significant increase in plant and equipment mainly due to adoption of SFRS(I) 16 Leases, right-of-use assets have been recognised as at 31 December 2019.

CHAIRMAN AND CEO STATEMENT

Total liabilities increased from S$11.9 million to S$15.6 million, mainly due to adoption of SFRS(I) 16 Leases with recognition of lease liabilities as at 31 December 2019. Total lease liabilities of S$4.2 million has been recognised as at 31 December 2019. However, no such lease liabilities recorded in prior year. However, there was decrease in borrowings mainly due to better cash flow position in BC North America with lower drawdown of bank overdrafts as at 31 December 2019.

Journey ahead

"Generating Results" is the goal of the Group. To achieve this goal, in 2019 we built on the foundations laid down in 2018, bringing in talented experts in markets where growth is targeted, focusing on the complete value chain for the customer, and supporting the entire path of influence from the end user, through the consultant and contractor to the equipment OEM. Our ongoing focus will be replicate the success in our core markets on these foundations in a cost effective and efficient manner. Critical to this is supply chain management and addition of value within our warehousing and modification facilities, where invest was made in 2019 and will continue in 2020. Our updated sales channel network, particularly in the Middle East and North Africa will support the vision of Brook Crompton to maintain its strong market position, invest in training and reinforce the already strong brand recognition in order to be a competitive supplier of electric motor across a wide range of traditional and emerging industries.

The Corona Virus is likely to have a substantial impact on the global economic performance in 2020. With its global supply chain and manufacturing on 3 continents Brook Crompton is well placed to sustain its position, and strategically develop as the restrictions imposed on business are relaxed.

The Group has a long-standing reputation for efficient customer service, supporting clients worldwide through its global distribution network. Shaping the future of electric motors, Brook Crompton is focused on supplying high efficiency drive solutions for the industry, lower costs of ownership throughout the motor lifespan, reduce impact on environment and promoting greater sustainability.

UK, Rest of Europe, Middle East and North Africa

The UK economy has continued to suffer through the "Brexit" process with further erosion of the UK manufacturing base. New opportunities have been invested in and products developed specifically for the ventilation and for the water treatment markets, which have helped to offset the "Brexit" driven migration of OEMs and Users enable the Group to maintain its total market share. The strong name of the Group and a substantial installed base has allowed the UK distribution channel to remain stable – this has been supported by outstanding levels of customer service through dedicated sales channels. Continuing investments in 2019, building on the foundations of 2018 will allow an expansion into the industries developed in 2019, and allow expansion into the wider EU and Middle East markets. The Group is well positioned with its explosion proof products to take advantage of the expansion of the basket of products required to comply with EU Energy Efficiency regulations.

The Middle East and North African markets have further opportunities, transitioning to higher efficiency products within the Group's product portfolio. Significant projects have commenced in the oil and gas industry, the next phases of which will require substantial quantities of products within the Group's strongest offering. The Group continues to see potential to use its UK operation as a "hub" to maximise on the growth in infrastructure such as light rail systems, and water treatment serving EU OEMs for global end users.

North America

Early successes in the US market were linked to substantial investment in the recycling industry, and the development of customer specific products for the oil and gas industry. During the 2nd half of 2019, investment slowed in these industries and some momentum was lost. However, light industrial segments and leisure related machinery builders continued to win business enabling the Group to position itself to take advantage of next phases of investment in recycling expected in 2020.

The inconsistent tariff policy of the current administration in the United States has provided challenges requiring continued investment in inventory to manage the supply chain. Utilising its global production base (Austria, Germany, Mexico, Poland, Serbia, UK, Vietnam), Brook Crompton finds itself in an enviable situation compared to certain competitors in being able to strategically develop a flexible supply chain policy.

CHAIRMAN AND CEO STATEMENT

The Canadian market has continued to be a strength of the Group, particularly in industries such as hard rock mining and water treatment, however the planned investments in the LNG industry are proceeding more slowly than anticipated, pipeline schemes have been delayed, and Brook Crompton has a focus to leverage the products of Wolong's Monterrey plant which offer access to new markets where brook Crompton formerly had no product offering.

The potential for continuing growth in the North American market in 2020 and onwards is supported by an increasing range of products being developed by the Group enabling maximum penetration to its existing customer base and the development of new business.

Asia Pacific

The Asia Pacific markets continue to provide challenges at a market price level, and users in the Asia Pacific remain slow to adopt higher efficiency products. This is seen in the Group's performance in 2019 which has been reliant on historical core markets in specific region. The Group is seeing further evidence of the impact of local policy in certain industries (for instance irrigation) driving the OEMs and Users to procure premium efficiency products. Products developed for the UK market which are being rolled out in the wider EU and the MENA markets are now being launched into the Asia Pacific region, utilising the Group manufacturing developments in Vietnam and China which will allow ongoing market development. The Group aims to continue to support its loyal and effective distribution network in the Asia Pacific region where it will focus on using these Aggressive Growth Partners to reach a wider target customer base.

Dividend

To reward our loyal shareholders, the Directors have recommended a final tax-exempt dividend of 2.0 Singapore cents per ordinary share, pending approval at the forthcoming Annual General Meeting.

In Appreciation

With a thankful and humble heart, we would like to express our sincere gratitude to our fellow directors, management and all the employees for their advice, support and hard work. In addition, we also thank all our customers, business partners and associates for their continuous support.

We would like to extend a special thank you to all our loyal and talented employees for their tremendous contribution. Their commitment and dedication in achieving another profitable year for the Company.

We thank you for keeping faith in the company and we will continue to do our best to justify the confidence.

PANG XINYUAN
Chairman

Richard Eason
Chief Executive Officer

BOARD OF DIRECTORS

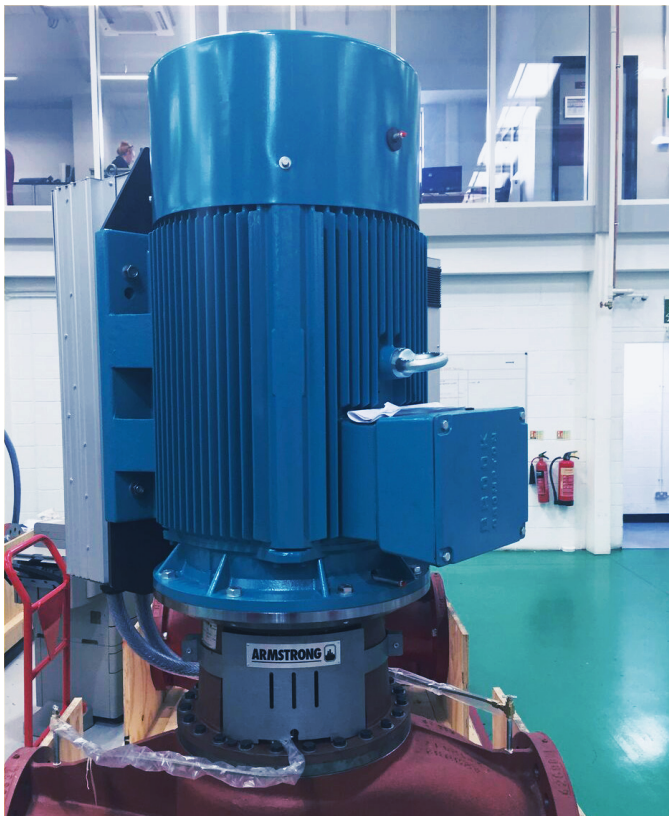
MR PANG XINYUAN

Chairman, Non-Independent, Non-Executive Director

Mr Pang was appointed as a Director of the Company and Chairman of the Board of Directors on 10 November 2016. He is the Chief Executive Officer of Wolong Electric Group Co., Ltd ('Wolong'), a company listed on Shanghai Stock Exchange. He also holds directorship in several companies in Wolong and the ATB Group. Before joining Wolong, he held managerial position at Vishay Intertechnology Asia Pte Ltd. He earned a Masters in Advertising and Marketing from Leeds University after obtaining a Bachelor degree in Shanghai Jiao Tong University.

Mr Pang is also a member of the Audit Committee, Nominating Committee and Remuneration Committee. He was last re-elected as a Director of the Company on 27 April 2017.

Mr Pang will be retiring pursuant to Article 104 of the Company's Constitution at the Company's forthcoming AGM. The Board has recommended to the shareholders his re-election at the forthcoming AGM.



DR KNUT UNGER

Lead Independent Director

Dr Unger was appointed as a Director of the Company on 01 August 2007. After completing his legal training in Germany, he participated in a European Community programme designed to help develop the judicial systems of emerging democracies in Eastern Europe. He has since worked as a solicitor in both Germany and Singapore. He is currently a partner at Luther LLP, where he primarily advises on European investment projects in Southeast Asia. He also serves on the advisory boards for various German and Austrian investments in Singapore, Malaysia and Hong Kong. Dr Unger holds a PhD in law from the University of Freiburg.

Dr Unger is also the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. Dr Unger was last re-elected as a Director of the Company on 19 April 2018.

MR CHAO MUN LEONG

Independent Director

Mr Chao was appointed as an Independent Director of the Company on 1 July 2016. Mr Chao has been the Managing Director of Asia for Profit Velocity Solutions LLC USA (PV solution) since 2012. He has over 35 years of working experience in the electronic industry accumulated from a number of multi-national corporations such as General Electric, Varta Batteries, Philips Components and Vishay Inc. Mr Chao graduated from Singapore Polytechnic in the field of Polymer Science and Technology with a post graduate diploma in Business Administration.

Mr Chao is the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. Mr Chao was last re-elected as a Director of the Company on 25 April 2019.

MANAGEMENT TEAM

MR RANDY CONNOLLY

General Manager and Director
Brook Crompton North America

Mr Randy was appointed as General Manager and Director of Brook Crompton North America in February 2018, responsible for overseeing the sales, procurement, operations and finance in the North America. He was employed in 2016 as Vice President Sales of Brook Crompton North America, responsible for the sales of North America. He has over 40 years of working experience in electric motor industry accumulated from a number of multinational corporations such as General Electric, WEG Electric Corp and Westinghouse Electric Corporation. Mr Randy holds a bachelor in Economics from State University of New York.

MR RICHARD EASON

Chief Executive Officer

Mr Eason was appointed as Chief Executive Officer of the Company on 23 April 2018. Mr Eason is responsible for the Company's operations, strategic planning, corporate management and business development. Previously, he was Chief Sales Officer of the Company, responsible for the sales strategic for the Company. Before joining the Company, he spent over 21 years in the electric motors and drives sector.

Mr Eason holds a bachelor in environmental sciences from the Lancaster University in the UK.

MS SHAVY KWAN

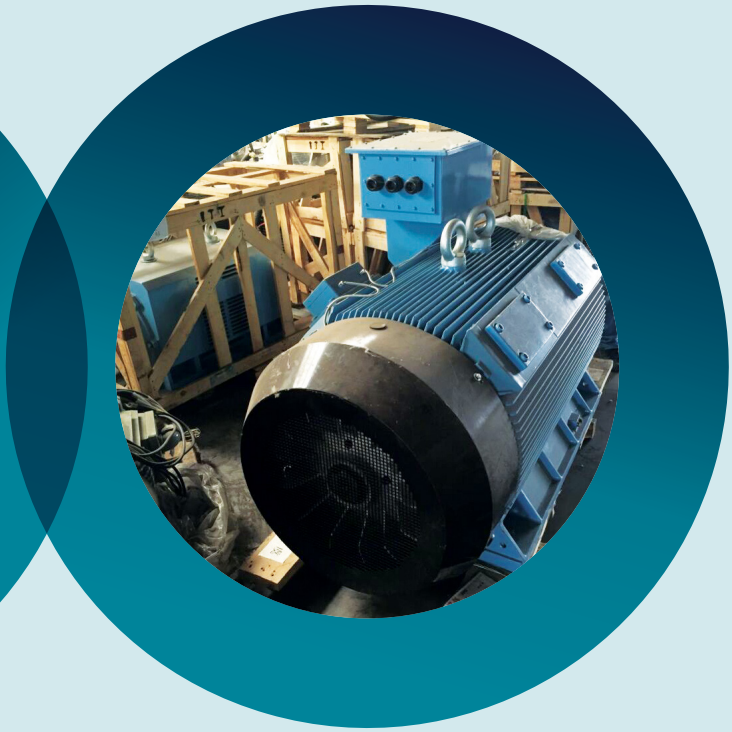
Finance and Administration Manager
Brook Crompton Holdings Ltd

Ms Kwan responsible for all accounting, financial and taxation matters. She joined the company in November 2017 bringing with her over 16 years of experience in auditing and commercial accounting. Before joining the Company, she served as the Financial Manager in two Singapore Exchange Main Board listed companies and was with Deloitte & Touche as an Assistant Audit Manager. She holds Association of Chartered Certified Accountants (ACCA) accounting qualification and is a Chartered Accountant of the Institute of Singapore Chartered Accountants.

PRODUCT APPLICATION

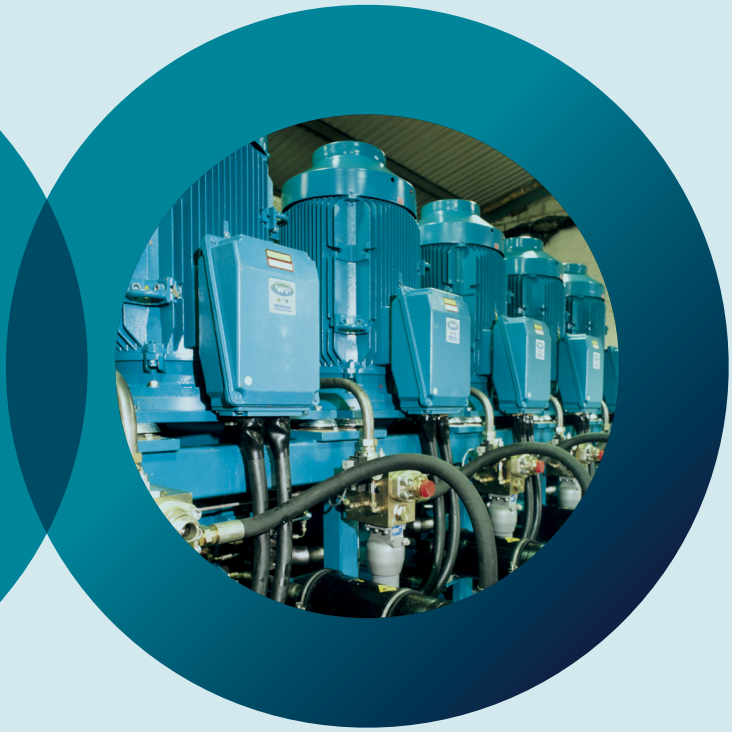
Alliance with suppliers for distribution of electric motors to various users via established sales channel

Pumps



Fans

Mechanical



Processes

INDUSTRIAL APPLICATION

Partnership with electric motor users for strategic geographical market outreach

HVAC

Marine

Mining

Oil and Gas

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pang Xinyuan
Chairman/Non-Executive & Non-Independent Director

Knut Unger
Lead Independent Director

Chao Mun Leong
Independent Director

AUDIT COMMITTEE

Chao Mun Leong
Chairman & Independent Director

Knut Unger
Member/Lead Independent Director

Pang Xinyuan
Member/Non-Executive & Non-Independent Director

NOMINATING COMMITTEE

Knut Unger
Chairman and Lead Independent Director

Chao Mun Leong
Member/Independent Director

Pang Xinyuan
Member/Non-Executive & Non-Independent Director

REMUNERATION COMMITTEE

Knut Unger
Chairman and Lead Independent Director

Chao Mun Leong
Member/Independent Director

Pang Xinyuan
Member/Non-Executive & Non-Independent Director

COMPANY SECRETARY

Ang Siew Koon

REGISTERED OFFICE

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

REGISTRAR, AGENT AND TRANSFER OFFICER

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

AUDITORS

BDO LLP
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
(appointed from financial year ended 31 December 2016)
Audit Partner: William Ng Wee Liang

CORPORATE GOVERNANCE REPORT

Financial Report Ended 31 December 2019

OUR COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance within the Company and its subsidiaries (the "Group") as part of its mission to enhance shareholder value for the long term. The Company's corporate governance policies and practices that were in place throughout the financial year ended 31 December 2019 ("FY2019") are guided by the corporate governance principles and provisions of the Code of Corporate Governance 2018 (the "Code") and accompanying Practice Guidance issued on 6 August 2018 which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX–ST") (the "Listing Rules").

The Company has endeavoured to adhere to the principles and provisions stipulated in the Code in FY2019. This Corporate Governance Report (the "CG Report") details the Group's corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the provisions set out in the Code, and the Listing Rules where applicable. Where there have been deviations from the Code, the appropriate explanations have been provided in this CG Report.

In the opinion of the Board of Directors of the Company (the "Board"), the Company has generally complied with the principles set out in the Code for FY2019.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

Board's Role

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

Directors' Fiduciary Duties

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

Role of non–executive directors

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

Board Orientation and Training

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

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

Delegation of Authority to Board Committees

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

Matters Reserved for the Board

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

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

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Meetings of Board and Board Committees

The Board meets at least four (4) times a year on a quarterly basis, to deliberate and approve the quarterly financial results and announcements, and other matters requiring Board's discussion and approval. The quarterly Board meetings and the Company's Annual General Meeting ("AGM") are scheduled in advance with consultation with all the Directors to enable the Directors to plan their schedule ahead. If they are not able to attend in person at the venue of meeting, they may participate in the meeting via teleconferencing or video–conferencing. A total of four (4) Board Meetings were held in FY2019.

Following the amendment to Rule 705 of the Listing Rules which took effect from 7 February 2020, the Board had, after due deliberation, and having considered the compliance efforts and costs in connection with quarterly reporting, decided to cease quarterly reporting of the Company's and the Group's financial statements. Going forward, with effect from 1 January 2020, the Board will meet at least (2) times a year on a half–yearly basis, to deliberate and approve the financial results and announcements for the half and full financial year, and other matters requiring the Board's approval.

The attendance of each of the Directors at the meetings of the Board and Board Committees during FY2019 is as follows:

				Board of Directors				Audit Committee				Nominating Committee	Remuneration Committee	Annual General Meeting
	Director	Appointment	Resignation	19.02.2019	25.04.2019	17.07.2019	07.11.2019	19.02.2019	25.04.2019	17.07.2019	07.11.2019	19.02.2019	19.02.2019	25.04.2019
1	Dr Knut Unger (Appointed as Member of AC on 1 August 2007) (Appointed as Chairman of NC and RC on 1 Aug 2007 and redesignated to NC and RC member on 19 January 2009) (Redesignated to NC and RC Chairman on 27 April 2015 from member)	1.8.2007	-	√	√	√	√	√	√	√	√	√	√	√
2	Chao Mun Leong (Appointed as Independent Director and AC Chairman, NC and RC Member on 01 July 2016)	01.07.2016	–	√	√	√	√	√	√	√	√	√	√	√
3	Pang Xinyuan (Appointed as Non-Independent Non-Executive Director and Chairman of Board and AC and RC member on 10 November 2016) (Appointed as NC Member on 26 February 2020)	10.11.2016	-	–	√	√	√	–	√	√	√	N/A	–	√
4	Richard Eason (Appointed as the Chief Executive Officer on 23 April 2018 and an Executive Director and NC Member on 16 July 2018)	16.07.2018	25.04.2019	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	N/A	√

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Access to information

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

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

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

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

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

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Principle 2: Board Composition and Guidance

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

As at 31 December 2019 and the date of this CG Report, the Board comprises the following three (3) members, all of whom are Non–Executive Directors, and two (2) of whom are Independent Directors:

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

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

Board Independence

The Board has established a process for determining the independence of Directors. On an annual basis, each and every Independent Director is required to declare and confirm his/her independence via a prescribed declaration form. Based on the declaration, the NC will deliberate and determine whether a Director is independent taking into consideration other factors including whether that Director is able to exercise independent judgment and whether he/she has any relationships or circumstances which are likely to affect his/her independent judgment and character. A Director will not be independent under any of the following circumstances:–

(a) a Director being employed by the Company or any of its related corporations for the current or any of the past three financial years;
(b) a Director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC;
(c) a Director, or a Director whose immediate family member, accepting any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service;
(d) a Director:
    (i) who, in the current or immediate past financial year, is or was: or
    (ii) whose immediate family member, in the current or immediate past financial year, is or was, a 5% shareholder of, or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organization to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal service), in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant;
(e) a Director who is a 5% shareholder or an immediate family member of a 5% shareholder of the Company;
(f) a Director who is or has been directly associated with a 5% shareholder of the Company, in the current or immediate past financial year.

None of the Independent Directors has or had any relationships or circumstances as prescribed above.

Board Size

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

Board Balance

The Board had concurred with the NC's view that the current Board provides an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as age, with core competencies in accounting/finance, legal, business management and marketing. Dr Knut Unger, who is the Company's Lead Independent Director, possesses professional legal qualifications and is currently a practicing lawyer. Mr Chao Mun Leong, who is the AC Chairman, brings with him more than 35 years of working experience in the electronics industry and expertise in finance and business advisory. Mr Pang Xinyuan, the Non–executive Board Chairman, who has Master Degree in Advertising and Marketing from the Leeds University, brings with him not only marketing expertise, but also vast experience in business management having served as CEO of the Wolong Electric Group Co., Ltd, a company listed on the Shanghai Stock Exchange.

The Company has no Board Diversity Policy. However, the composition of the Board is reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective of issues that are brought before the Board.

Non–Executive Directors Meet up without presence of Management

For a more effective check on the Management team, the Non–Executive Directors had met several times without the presence of Management in FY2019 to discuss informally the more sensitive issues (including the performance of the Management).

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

Principle 3: Chairman and Chief Executive Officer (CEO)

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision–making.

The Company ensures that the roles of the Chairman and the CEO are separate so that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The role of the Board Chairman is assumed by Mr Pang Xinyuan, who is a Non–Executive Non–Independent Director, and the role of the CEO is assumed by Mr Richard Eason. There is no familial relationship between the Chairman and the CEO.

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

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

The CEO, Mr Richard Eason, is responsible for the day–to–day operations of the Group and implementing the strategies and policies approved and adopted by the Board.

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Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re–appointment of directors, taking into account the need for progressive renewal of the Board.

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

Dr Knut Unger	Chairman of the NC, Lead Independent Director
Mr Chao Mun Leong	Member, Independent Director
Mr Pang Xinyuan#	Member, Non–Independent Non–Executive Director
Mr Richard Eason*	

Mr Pang Xinyuan was appointed as a member of the NC on 26 February 2020.

* Mr Richard Eason resigned as an Executive Director and a member of NC on 25 April 2019.

The NC meets as and when necessary, at least once a year. The NC held one meeting in FY2019.

The NC's responsibilities are set out in the terms of reference of the NC. Their duties and responsibilities include:–

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

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

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

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

As the NC has been charged with the responsibility of reviewing the independence of each and every Independent Director at least on an annual basis, the NC has established the process to determine a Director's independence. Once a year, after the end of the financial year under review, the Form of Declaration of Independence will be sent to the Independent Directors for their confirmation and declaration. The duly signed Declaration Forms will then be tabled for the NC's review.

In considering whether an Independent Director is independent under the Listing Rules and the Code, the NC will not solely based its assessment on the Declaration Form. The NC will consider if each of the Independent Directors has exercised and can continue to exercise independent judgment. The NC will then present its conclusion to the Board for the Board's concurrence. The NC will convene a meeting if circumstances call for it, to review the independence of an Independent Director in between the annual review.

As at the end of FY2019, Dr Knut Unger has served on the Board for more than nine years from the date of his appointment on 1 August 2007. The NC (save for Dr Unger who abstained from deliberation in this matter) had performed a rigorous review to assess his independence and were satisfied that he maintains an appropriate degree of independence when fulfilling his role as an Independent Director. The NC had also considered the fact that there were several changes in Management, including a change in controlling shareholder during his tenure of service. Hence, it is important for the Board to have a Director with history of the Company and the Group where the rest of the Board members can tap on. The Board had concurred with the NC's view in that Dr Unger has maintained his independence and is capable of making independent judgment.

The Company will ensure its compliance under the amendments to Rule 210(5)(d) of the Listing Rules which will come into effect from 1 January 2022, where the re–appointment of Directors who have served in the Board beyond nine (9) years from the date of their first appointment are to be subjected to a two–tier shareholders voting.

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

(i) The NC (save for Mr Chao who abstained from deliberation on this matter) noted that Mr Chao has declared that he has since April 2018 been engaged by Wolong Electric Group Co Ltd ("WEG") (a majority shareholder of the Company which has deemed interest of 66.10% in the Company) as an advisor to the CEO. Mr Chao's engagement with WEG was carried out through his Caytech International LLP of which Mr Chao is the beneficial owner. The type of advisory services which Mr Chao provides to WEG includes advising WEG on the:–

    1) Development of international sales strategies for aggressive growth;
    2) Sales organization and structure realignment;
    3) Redefining global key account management;
    4) Developing global distribution strategies;
    5) Developing and implementing sales training program for key talents; and
    6) Introducing international sales contract and agreement policy.

(ii) The NC took into account that the annual advisory fee Mr Chao received from WEG was less than S$200,000 which was within the threshold set out in the Practice Guidance to the Code for determining the independence of a Director. The NC also considered Mr Chao's performance on the Board and Board Committees, and had observed that Mr Chao had at all times discharged his duties with professionalism and objectivity, constantly challenged management's proposals in a constructive manner, and acted as an effective check on the Management. The NC agreed that Mr Chao had exercised independent judgement in the best interests of the Company and should therefore be considered as an Independent Director.

To ensure that Directors are able to carry out his/her duties adequately to the Board, the NC, with the concurrence of the Board, has determined that the maximum number of listed company board representations which any Director of the Company may hold is five. All Directors have complied with this requirement. The Company has adopted internal guidelines to remind Directors that they have to ensure they are able to devote sufficient time to serve on the Board and Board Committee(s) of the Company if they serve on multiple boards.

The NC would generally avoid recommending to the Board the appointment of alternate Director as it is of the view that alternate Director should only be appointed under special circumstances, for example, when a Director has a medical emergency. Under such circumstances, the alternate Director should only be appointed for a limited time period. The process for the appointment of an alternate Director will be the same as the appointment of any new Director, and he/she is expected to be appropriately qualified, knows the duties and responsibilities of a Director and is familiar with the Company's business affairs. No alternate director was appointed by FY2019.

Pursuant to Article 104 of the Constitution, Mr Pang Xinyuan shall retire at the forthcoming AGM by rotation. Being eligible, Mr Pang has offered himself for re–election. The NC, save for Mr Pang, having assessed his performance and contributions to the Company, had recommended his nomination for re–election. The Board concurred with the NC's recommendation.

Principle 5: Board Performance

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

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

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

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

The last Board performance evaluation was conducted in February 2020. Based on the review, the NC was satisfied that the Board was effective as a whole and that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Board Committees. The Company did not engage any external consultant to facilitate the Board performance evaluation for FY2019.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

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

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

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

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

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

In determining the specific remuneration packages of the Executive Director(s), if any, CEO and key management personnel, the RC will consider all aspects, including but not limited to director's fees (if applicable), salaries, allowances, bonuses, options, share–based incentives and benefits in kind. None of the RC members or Directors is involved in the deliberations in respect of any form of remuneration or benefits to be granted to him. RC members have authority to engage external consultancy services on remuneration related matters to discharge their duties when necessary. No external consultant was engaged to advise the RC on remuneration matters in FY2019.

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

Principle 7: Level and Mix of Remuneration

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

The remuneration packages for the CEO and the key management personnel comprised fixed and variable components. The variable component is linked to the performance of the individual and broad division level, entity level and/or Group level to ensure the interests of the CEO and that of the key management personnel are aligned with the interests of shareholders and other stakeholders as the remuneration is linked to both individual and corporate performance. Before the commencement of the new financial year, the Company will develop the key performance indicators ("KPIs") for the CEO and the key management personnel, and the variable portion of their remuneration will depend on whether they meet the set KPIs for the financial year.

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

Mr Pang Xinyuan, who is the Board Chairman and the only Non–independent Non–executive Director on the Board, did not receive any Director's fee for FY2019. He was nominated to the Board by Wolong Holding Group Co. Ltd, a substantial shareholder of the Company and had waived his right to the Director's fee.

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

Principle 8: Disclosure of Remuneration

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

The remuneration of the Directors for FY2019 is shown to the nearest thousand dollars and that of the key management personnel is shown in the band of S$250,000:

Directors	Remuneration S$ '000	Fee %	Salary %	Allowances %	Bonus %	Post Employment Benefit	Total %
Dr Knut Unger	50	100	Nil	Nil	Nil	Nil	100
Mr Chao Mun Leong	50	100	Nil	Nil	Nil	Nil	100
Mr Pang Xinyuan*	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* Mr Pang Xinyuan has waived his right to receive Director's fee for FY2019.

Key management personnel	Fee %	Salary %	Allowances %	Bonus %	Post Employment Benefit %	Total %
Below S$250,000						
Ms Shavy Kwan Wei Yee	Nil	78	Nil	9	13	100
S$250,000 to S$500,000						
Mr Richard Eason	Nil	71	6	18	5	100
Mr Randy Connolly	Nil	38	33	12	17	100

There are no employees of the Company who are immediate family members of a director, CEO or a substantial shareholder.

The Company has determined that it had 3 key management personnel (including the CEO). The aggregate total remuneration paid to these 3 key management personnel was S$840,000 in FY2019.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

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

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

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

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

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

The Board has received assurance:

- from the CEO and the Finance and Adminstration Manager that, as at 31 December 2019 the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems in addressing key financial, operational, compliance and information technology risks.

Based on the review of the key risks identified through the ERM process, and the internal controls established and maintained by the Group, work performed by the internal auditors, reviews performed by the Management and the AC; and the aforesaid assurances from the CEO and the Finance and Administration Manager, the Board, with the concurrence of the AC, is satisfied that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and the risk management systems were adequate and effective as at 31 December 2019.

Principle 10: Audit Committee

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

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

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

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

- Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the quarterly and annual announcements relating to the company's financial performance;
- Reviewing the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance information technology controls at least annually;
- Reviewing the effectiveness of the company's internal audit function;
- Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors relating to audit and non–audit services provided by them; making recommendations to the Board regarding the appointment, re–appointment and removal of the external auditors;
- Reviewing interested party transactions; and
- Determining the Group's level of risk tolerance and risk policies.

The AC has the explicit authority to investigate any matter within its terms of reference, full access to and co–operation by the Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Board is of the view that all the members of the AC are appropriately qualified to discharge their responsibilities. The AC is not comprised of any former partner or director of the Group's existing auditing firm or audit corporation.

During the financial year under review, the AC held separate private session with the external and internal auditors once without the presence of the Management and CEO. The last private session was held in February 2020.

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

The AC reviews the independence of the external auditor on an annual basis, and as and when the situation calls for it. In reviewing the independence of BDO LLP ("BDO"), the Company's external auditor, the AC had noted that the total amount of fees paid to BDO and its affiliated firm (BDO Canada LLP) in FY2019 was S$175,000 out of which S$159,000 is for audit services and S$16,000 is for non–audit services (which is approximately 9% of the total audit fees). The AC was of the opinion that the provision of the non–audit services had not affected the independence of the external auditor. The external auditor had affirmed their independence in this respect.

The AC has recommended the re–appointment of BDO LLP as the Company's external auditors for the financial year ending 31 December 2020.

The Company has in place the whistle blowing policy. The policy provides channels for staffs to feedback improprieties in matters of financial reporting, fraudulent behavior and other irregularities to the independent directors in confidence and in good faith without fear of reprisals. Any issue raise would be investigated independently by the AC and the appropriate follow up actions carried out. In FY2019, there were no reports received through the whistle blowing mechanism.

Internal Audit

The internal audit function for FY2019 was outsourced to Yang Lee & Associates, a professional service firm ("Internal Auditors"). The Internal Auditors carried out their work as guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The Internal Auditors, independent of the Company's daily operations and accounting functions, have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The Internal Auditor reports directly to the Chairman of the AC on all internal audit matters. The AC approves the appointment, termination, evaluation and compensation of the Internal Auditors.

The internal audit plan for FY2019 was reviewed and approved by the AC. The Internal Auditors completed one (1) review in FY2019 in accordance with the internal audit plan approved by the AC. The findings and recommendations of the Internal Auditors, Management's responses, and Management's implementation of remedial actions have been reviewed by the AC.

The AC reviews the adequacy and effectiveness of the internal audit function at least on an annual basis, and as and when the situation calls for it. For FY2019, the AC is satisfied that the internal audit function was effective, adequately resourced, staffed by qualified and experienced personnel, and independent of the activities it audits with appropriate standing within the Company.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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

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

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

Members of the Board, the Board Committees and the Management will attend the general meetings to answer any queries address by the shareholders. The external auditor will also be present at the AGM to answer questions pertaining to the external audit and the Auditor's report.

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

All the resolutions put forth at the general meetings will be voted on by way of a poll. Polling may be conducted either by the manual mode or the electronic mode. In determining which mode to use, the Company takes into consideration cost and expected attendance at the general meetings. The detailed polling results are released via SGXNET.

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

The Internal Auditors completed one (1) review FY2019 in accordance with the internal audit plan approved by the AC. The findings and recommendations of the Internal Auditors, Management's responses, and Management's inplementation of remedial actions have been reviewed by the AC.

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

Principle 12: Engagement with Shareholders

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

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

The Company values feedback and communication with shareholders and has in place an investor relations policy that set out the principles and procedures in engaging its shareholders and communicating pertinent information to shareholders.

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Managing Stakeholders Relationships Engagement with Stakeholders

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

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

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

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

CORPORATE GOVERNANCE REPORT

Financial Report Ended 31 December 2019

INTERESTED PERSON TRANSACTIONS (IPT)

The AC reviews the Group's IPT for assurance that the transactions are executed at normal commercial terms and do not prejudice the interests of the Group and its minority shareholders. At the AGM held on 25 April 2019, shareholders of the Company approved a General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions with ATB, Wolong Holding Group Co. Ltd and any of its associates and its group of subsidiaries.

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

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
		YTD		YTD	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000
General Transactions					
ATB Nordenham Gmbh	Associates of Controlling Shareholder	–	–	498	202
ATB Sever d.o.o.		–	–	148	622
ATB Tamel S.A.		–	–	10,658	11,053
ATB Schorch GmbH		–	–	457	2,792
ATB Welzheim		–	–	861	–
ATB Group UK		–	–	341	619
Wolong Electric Group Co Ltd		–	–	13,541	13,302
Wolong Electric America LLC		147	–	–	–
		147	–	26,504	28,590

The Company regularly conducts independent check for compliance of Interested Person Transactions under the Group.

CORPORATE GOVERNANCE REPORT

Financial Report Ended 31 December 2019

DEALING IN SECURITIES

The Company has adopted its own internal codes in line with Rule 1207(19) of the Listing Rules applicable to all its officers in relation to dealings in the Company's securities. For FY2019, the Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. In addition, the Directors and officers of the Company are discouraged from dealing in the Company's securities on short term considerations.

As mention earlier in this Annual Report, the Company has decided to cease quarterly reporting of the Company's and the Group's financial statements. With effect from 1 January 2020, the Company will announce only the financial statements for the half financial year and the full financial year. Under Rule 1207(19)(c), the Company and its officers will not be allowed to deal in the Company's shares during the period commencing one (1) month before the announcement of the Company's financial statements for the half and full financial year.

MATERIAL CONTRACTS

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

SUSTAINABILITY REPORT FY2019

1. BOARD STATEMENT

We reaffirm our commitment to sustainability with the publication of our sustainability report ("Report"). For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("ESG") factors and economic performance.

Whilst mindful of our profit oriented objective, we are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure the long term future of our Group. This commitment is reflected in our sustainable business strategy and the material ESG factors which are shown in this Report.

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

A summary of our sustainability performance in FY2019 is as follows:

Customer satisfaction Product defect rate is below 1%	Energy-efficient products 100% of our products attained the IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels under International Electronical Commission ("IEC") and National Electrical Manufacturers Association ("Nema") respectively	Equality and diversity at workplace • Percentage of females over total number of permanent employees is 19% • More than half of our work force is at least 40 years old
Employee retention 38% of employees have served more than 10 years with us	Safety at workplace Zero incident of workplace accident	Sustainable business performance • Recorded revenue of SGD 46.7 million • Generated net profit of SGD 3.9 million • Declared a final tax-exempt dividend of SGD 2 cents per ordinary share
Proactive anti-corruption practices Zero incident of serious offence	Robust corporate governance framework Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School is 70	

SUSTAINABILITY REPORT FY2019

2. VISION, MISSION AND CORE VALUES

PATH TO SUSTAINABILITY

Core Values	Missions	Vision
• Passion driven • People focused • Principal centered	• To develop innovative adaptable and robust product designs through our in-depth engineering knowledge while growing our customer partnerships and service network worldwide • To nurture our people and maintain a safe working environment • To be socially and environmentally responsible whilst maintaining economic growth	To be a globally recognised brand that shapes the future of electronic motors by developing reliable and energy-efficient products that keep the wheels of industry turning

Our vision and missions are driven by our core values and our path to sustainability is closely aligned with our vision, missions and core values with our sustainability factors and strategies bringing us to where we envision ourselves to be. Refer to Section 8 for more details on the alignment of our material sustainability factors with our vision, missions and core values.

3. REPORTING FRAMEWORK

This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and Singapore Exchange Securities Trading Limited ("SGX-ST") listing rules 711(A) and 711(B). We have chosen to report using the GRI Standards: Core option as it is an internationally recognised reporting framework.

4. REPORTING PERIOD

This Report is applicable for our financial year ended 31 December 2019 ("FY2019" or "reporting period"). A sustainability report will be published annually in accordance with our SR Policy.

5. FEEDBACK

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

6. STAKEHOLDER ENGAGEMENT

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

We actively engage our key stakeholders through the following channels:

S/N	STAKEHOLDER	ENGAGEMENT CHANNEL	FREQUENCY OF ENGAGEMENT	KEY CONCERNS RAISED
1	Customers	Customers are encouraged to provide their feedback through channels such as face-to-face meetings, visits, email communication, phone calls and tele-conferences.	Ongoing	• Product quality and reliability • Customer service standards • Product delivery
2	Employees	Senior management holds regular communication sessions with employees to obtain feedback and to align business goals across all levels of the workforce. Such communication channels include regular staff evaluation sessions and periodic town hall meetings conducted by Senior Management with employees.	Ongoing	• Equal employment opportunity • Job security • Remuneration • Employee benefits and rewards
3	Regulators	We participate in consultations and briefings organised by key regulatory bodies such as the SGX-ST and relevant government agencies/ bodies so as to better understand the regulatory requirements and to furnish feedback on proposed regulatory changes that may impact our businesses.	Ongoing	• Corporate governance • Environmental compliance
4	Shareholders	We convey timely and accurate information to shareholders through announcements on SGXNET, our website (http//www.brookcromptonholdings.com/investormedia-centre), investor relations email account (mgt@brookcromptonholdings.com), annual general meetings, annual reports and other channels such as business publications and investor relation events.	• Quarterly • Annually	• Sustainable business performance • Market valuation • Dividend payment • Corporate governance
5	Suppliers	We maintain a good relationship with suppliers by establishing various communication platforms for all levels of personnel involved in dealing with the suppliers, such as face-to-face meetings, events, regular vendor conferences, annual review and feedback sessions.	Ongoing	Demand and pricing volatility

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

7. POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 Reporting Structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. Our senior management, as led by our Chief Executive Officer, is tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

7.2 Sustainability Reporting Processes

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

IDENTIFICATION	Identification of the material factors that are relevant to our Group's activities and data points for performance reporting
PRIORITISATION	Prioritisation of the material factors and identification of key sustainability factors to be reported
VALIDATION	Validation involves the verification of information and data gathered on material factors and to perform an assessment on the completeness of key sustainability factors to finalise the sustainability report content
REVIEW	Monitor, review and update our material factors from previous reporting period, taking into account the feedback received from engagement with stakeholders, organisational and external developments

7.3 Materiality Assessment

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

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

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

7.4 Performance tracking and reporting

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

SUSTAINABILITY REPORT FY2019

8. MATERIAL FACTORS

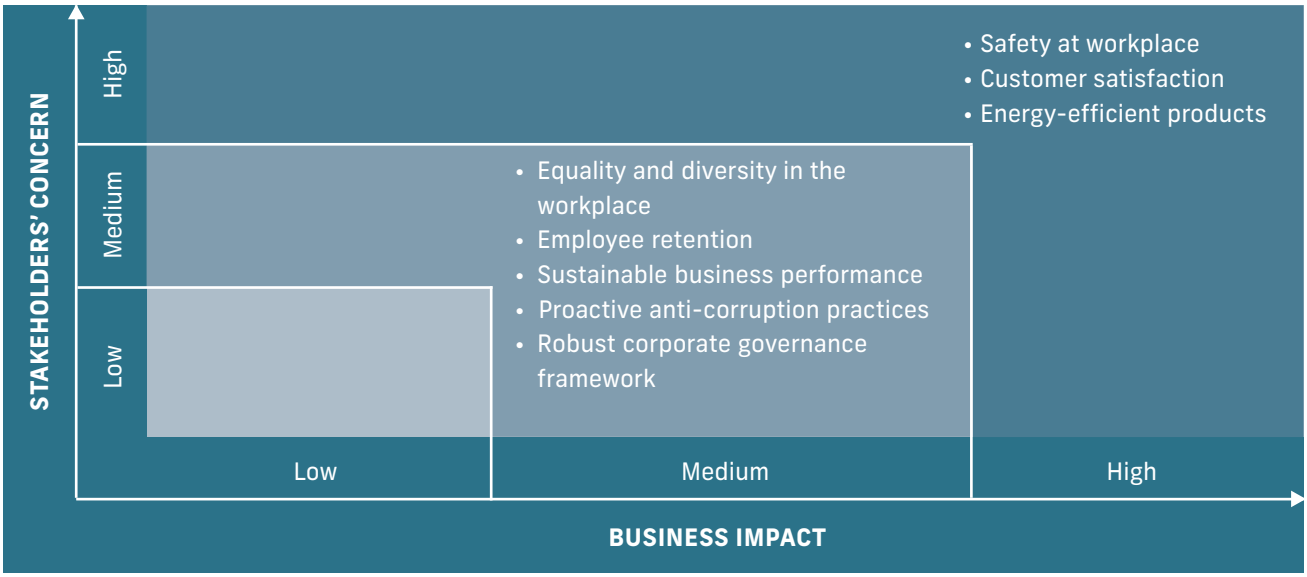
The materiality assessment performed for FY2019 involved our Group's Senior Management in identifying sustainability factors deemed material to our businesses and stakeholders so as to allow us to channel our resources judiciously to create sustainable value for our stakeholders.

Presented below is a list of material sustainability factors applicable to our Group:

List of material sustainability factors

S/N	MATERIAL FACTOR	MISSION	KEY STAKEHOLDER	REPORTING PRIORITY
General disclosure				
1	Customer satisfaction	• Develop innovative adaptable and robust product designs • Grow customer partnerships and service network	• Customers	I
Environmental				
2	Energy-efficient products	• Develop innovative adaptable and robust product designs • Be environmentally responsible	• Customers • Communities • Suppliers	I
Social				
3	Equality and diversity in the workplace	• Nurture our people	• Employees	II
4	Employee retention	• Nurture our people	• Employees	II
5	Safety at workplace	• Maintain safe working environment	• Employees	I
Economic				
6	Sustainable business performance	• Maintain economic growth	• Shareholders	II
7	Proactive anti-corruption practices	• Maintain economic growth	• Shareholders • Regulators	II
Governance				
8	Robust corporate governance framework	• Maintain economic growth	• Shareholders • Regulators	II

Material factor matrix



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

8.1 Customer Satisfaction

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

Offering reliable and efficient products

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

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

STANDARD/ CERTIFICATION	AREA
ISO 9001	Covers quality management systems and functions within the organisation, including designs, development, production, installation and servicing
IEC 60034-5	Demonstrate protection from particles and a good level of protection against water
ATEX certificate	Regulate product safety in explosive atmosphere
IEC Ex Certificate	
UL Certificate	Regulate product safety in safe and explosive atmospheres
CSA Certificate	

In keeping up with our commitment to product quality, we conduct regular on-site inspections of supplier's manufacturing facilities to ensure that guidelines and customer specifications are adhered to. In addition, we track product defect level diligently and this is measured by the amount of warranty claims made to as a percentage of total purchases. During the reporting period, we successfully maintained a product defect rate of less than 1% (FY2018: 1.1%).

With regards to product efficiency, we believe that offering products that are highly efficient helps our customers to achieve lower long term cost ownership and also to preserve the environment through lower emissions. Refer to Section 8.2 Energy-efficient products for more details.

Offer a comprehensive product range that meets customers' needs

We offer a wide range of electric motors for operations in safe area segments, hazardous atmospheres and hostile environments to meet our customers' varied needs. Refer to our product and industrial applications disclosed on pages 10-11 of this Annual Report and also our corporate website: http://www.brookcrompton.com/home.aspx for a comprehensive list of products.

Maintain presence and proximity

Through our global network of sales offices and warehouses in United Kingdom ("UK"), Middle East, North America and Asia Pacific and European Union (collectively referred to as "key markets"), we are able to better serve our customers through:

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

- Providing efficient and effective post-sale customer care services

Our service centres are typically located alongside solution distribution centres in our key markets to bring us closer to our customers. Refer to page 3 of the annual report for our geographical presence.

Nurture a team of experienced employees

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

For information on employees' years of service to our Group, please refer to Section 8.4.

Improving our products through gathering continuous feedback

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

TARGET FOR FY2019	PERFORMANCE IN FY2019	TARGET FOR FY2020
Maintain or improve market presence and customer loyalty	Target met as follows: No material changes in our market presence	• Maintain or improve market presence subject to market conditions • Improve or maintain product defect rate

8.2 Energy-efficient products

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

Such products include a range of energy efficient motors that comply with market recognised international standards as follows:

ORGANISATION	EFFICIENCY LEVEL	PERCENTAGE OF PRODUCTS WITH THE EFFICIENCY LEVEL	REGION
IEC	• IE3 Premium Efficiency • IE4 Super Premium Efficiency	100%	• UK • Middle East • Asia Pacific • European Union
Nema	• Premium Standards	100%	• North America

Efficiency level aims to measure the ratio of usable shaft power (output) to electric input power (Input). Our products have attained the IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels under IEC and Nema respectively.

Typically, electric motor systems consume large amounts of electrical energy with energy representing a high proportion of total motor operating costs over the motor's lifetime. An improvement in efficiency could result in significant energy and cost savings which will also reduce greenhouse gas emissions that contribute to climate change.

TARGET FOR FY2019	PERFORMANCE IN FY2019	TARGET FOR FY2020
Maintain or improve products' energy efficiency	Target met as follows: 100% of our products have attained the IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels under IEC and Nema respectively	Maintain or improve products' energy efficiency

8.3 Equality and diversity in the workplace

To inspire and nurture our people, we are committed to the goals of diversity and equal opportunity in employment by providing a work environment for our employees that fosters fairness, equity and respect for social and cultural diversity, regardless of their gender and age. The total number of full-time employees within our Group as at 31 December 2019 is 69 (FY2018: 57). The increase in manpower is due to our business expansion in North America.

On gender diversity, the percentage of females over total permanent employees is 19% (FY2018: 23%) as at 31 December 2019.

On age diversity, matured workers are valued for their experience knowledge and skills. As at 31 December 2019, more than half (FY2018: above 50%) of our workforce is at least 40 years old.

GENDER DIVERSITY
Male: 81%
Female 19%

AGE DIVERSITY
Matured workers:
Above 50%

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

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

TARGET FOR FY2019	PERFORMANCE	TARGET FOR FY2020
Move towards a more balanced gender and age ratio	Target met as follows: No material changes in diversity ratios	Move towards a more balanced or maintain existing gender and age diversity ratios

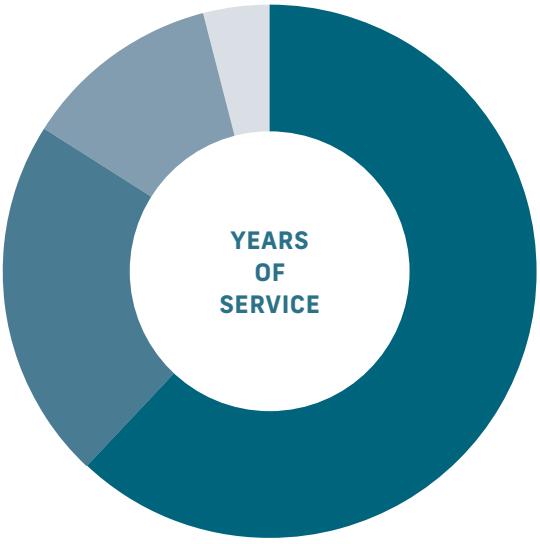
8.4 Employee retention

The continual success of our business depends on a team of professional, skilled and experienced staff and managers.

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

- Employees are engaged regularly via various channels such as appraisal exercises which allows employees to gain feedback on their career progress. This also encourages them to take self-initiated actions to improve their capabilities. During the reporting period, 100% (FY2018: 100%) of employees received regular performance reviews.

- In-house and external training courses are organised regularly for employees to improve their professional skills. For example, a systematic training program is in place in UK and North America to equip staff with the needed product and service knowledge.



62%	-	Less than 10 years
4%	-	10 to 20 years
12%	-	21 to 30 years
22%	-	Above 30 years

We believe a low turnover improves the sustainability of operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 31 December 2019, 38% (FY2018: 48%) of the employees have served more than 10 years with us. The decrease in percentage between FY2019 and FY2018 is mainly due to the recruitment of new employees to support business expansion in North America.

TARGET FOR FY2019	PERFORMANCE IN FY2019	TARGET FOR FY2020
Improve performance measures identified on staff retention	Not meaningful[1] 38% of employees have served more than 10 years with us	Improve or maintain employee retention rate subject to market conditions

[1] Not meaningful as the decrease in staff retention rate is due to the recruitment of new employees to support our business expansion in North America

SUSTAINABILITY REPORT FY2019

8.5 Safety at workplace

In our daily operations, our workers have to handle heavy lifting equipment such as a forklift to transfer inventories and machineries. Accordingly, we are committed to maintain a safety-conscious culture amongst our employees.

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

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

During the reporting period, we recorded zero workplace accident (FY2018: one non-fatal workplace injury[2]).

TARGET FOR FY2019	PERFORMANCE	TARGET FOR FY2020
Maintain zero workplace accident	Target met as follows: We achieved zero incident of workplace accident	Maintain zero workplace accident

8.6 Sustainable business performance

We believe in creating long-term economic value for shareholders by rewarding shareholders by way of consistent profits and dividend payments.

For FY2019, our Group has recorded revenue of SGD 46.7 million (FY2018: 47.6 million) and generated SGD 3.9 million (FY2018: 3.6 million) of net profit for the period attributable to equity holders of the Company. A final tax-exempt dividend of SGD 2 cents (FY2018: SGD 2 cents) per ordinary share is declared for FY2019.

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

SGD 3.9 MILLION
Net profit for the financial period

SGD 46.7 MILLION
Revenue for the financial period

SGD 2 CENTS
per ordinary share declared for FY2019

TARGET FOR FY2019	PERFORMANCE IN FY2019	TARGET FOR FY2020
Maintain or improve our financial performance while retaining our dividend rate where applicable	Target met as follows: No material changes in our financial performance and dividend rate	• Maintain or improve our financial performance subject to market conditions • Maintain or improve dividend payout where praticable

[2] A workplace injury is defined as one whereby an employee is injured in a work accident resulting in (i) hospitalisation of at least 24 hours and/or (ii) an issuance of a medical certificate of more than 3 days (need not be consecutive)

8.7 Proactive anti-corruption practices

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

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In addition, a code of conduct is in place to provide guidance on business culture and corporate behaviour. In FY2019, there are no reported incidents of serious offence[3] (FY2018: zero incident).

TARGET FOR FY2019	PERFORMANCE IN FY2019	TARGET FOR FY2020
Maintain zero incident of serious offence	Target met as follows: We achieved zero incident of serious offence	Maintain zero incident of serious offence

8.8 Robust corporate governance framework

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

We have put in place a risk management framework ("ERM framework"). We regularly assess and review our Group's business and operational environment to better identify and manage emerging and strategic sustainability risks.

Our overall SGTI score assessed by National University of Singapore Business School is 70 for the year 2019. (Year 2018: 53).

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

TARGET FOR FY2019	PERFORMANCE IN FY2019	TARGET FOR FY2020
Maintain or improve SGTI score	Target met as follows: SGTI score assessed by National University of Singapore Business School increased to 70	Maintain or improve SGTI score

9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

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

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

SDG		OUR EFFORT
	Ensure healthy lives and promote well-being for all at all ages	Section 8.5 Safety at workplace We adopt safety measures and procedures to avoid accidents that are preventable and in so doing, maintain the well-being and safety of our workers.
	Ensure access to affordable, reliable, sustainable, and modern energy for all	Section 8.2 Energy efficient products Our continual efforts to offer energy efficient products that comply with market-recognised international standards, improve energy efficiency rate and contributes to sustainable development.
	Promote sustained, inclusive and sustainble economic growth, full and productive employment and decent work for all	Section 8.1 Customer satisfaction We emphasize on maintaining the quality of our products as well as providing a comprehensive range of products to meet our customers' needs. Customer satisfaction is vital to the success of our business which in turn, helps to contribute to the economic growth and the creation of employment opportunities. Section 8.4 Employee retention We maintain a quality workforce which comprises a team of professional, highly skilled and experienced employees that contributes to the continuity of our business and also helps to contributes to economic growth. Section 8.6 Sustainable business performance We contribute to economic growth through creating long-term economic value for our shareholders.
	Reduce inequality within and among countries	Section 8.3 Equality and diversity in the workplace We build a working environment in which employees can enjoy equal opportunities regardless of age, gender, race or ethnicity.
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institution at all levels	Section 8.7 Proactive anti-corruption practices We adopt a zero tolerance approach on corruption through various practices that ensures equal access to justice for all as well as preventing corruption. Section 8.8 Robust corporate governance framework We maintain a high standard of corporate governance framework to safeguard our shareholders' interest and aim to maximise long-term economic value for our shareholders.

SUSTAINABILITY REPORT FY2019

10. GRI CONTENT INDEX

GRI Standard & Disclosure title		Section reference	Page
Organisation profile			
102-1	Name of the organization	Cover page	–
102-2	Activities, brands, products, and services	• Corporate Profile • Product Application • Industrial Application	1 10 11
102-3	Location of headquarters	Financial Contents > Notes to Financial Statements > General Corporate Information	65
102-4	Location of operations	Geographical Presence	3
102-5	Ownership and legal form	• Corporate Structure • Financial Contents > Notes to the Financial Statements > General Corporate Information • Analysis of Shareholdings	3 65 130 – 131
102-6	Markets served	• Corporate Profile • Geographical Presence • Sustainability Report > Material Factors > Customer Satisfaction	1 3 36 – 37
102-7	Scale of the organization	• Financial Highlights • Sustainability Report > Material Factors > Equality and Diversity in the Workplace • Sustainability Report > Material Factors > Sustainable Business Performance • Financial Contents > Statements of Financial Position • Financial Contents > Consolidated Statement of Profit or Loss • Financial Contents > Consolidated Statement of Comprehensive Income	2 38 – 39 40 57 – 58 59 60
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	38 – 39
102-9	Supply chain	• Corporate Profile • Sustainability Report > Material Factors > Customer Satisfaction	1 36 – 37
102-10	Significant changes to the organization and its supply chain	There was no significant changes to the organization and its supply chain during the reporting period	–
102-11	Precautionary Principle or approach	None	–
102-12	External initiatives	Sustainability Report >Supporting the UN Sustainable Development Goals	41 – 42
102-13	Membership of associations	None	–
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	31

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GRI Standard & Disclosure title		Section reference	Page
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	• Corporate Governance Report • Sustainability Report > Vision, Mission and Core Values • Sustainability Report > Material Factors > Robust Corporate Governance Framework	13 – 30 32 41
Governance			
102-18	Governance structure of the organization	Corporate Governance Report	13 – 30
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	33
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	33
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	33
102-44	Key topics and concerns raised	• Sustainability Report > Stakeholder Engagement • Sustainability Report > Material Factors > Customer Satisfaction	33 36 – 37
Reporting practice			
102-45	Entities included in the consolidated financial statements	• Corporate Structure • Financial Contents>Notes to the Financial Statements > Subsidiaries	3 86 – 87
102-46	Defining report content and topic Boundaries	Sustainability Report > Sustainability Reporting Processes	34
102-47	List of material topics	Sustainability Report > Material Factors	35 – 41
102-48	Restatements of information	None	–
102-49	Changes in reporting	None	–
102-50	Reporting period	Sustainability Report > Reporting Period	32
102-51	Date of most recent report	FY2018 Sustainability Report	–
102-52	Reporting cycle	Sustainability Report > Reporting Period	32
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	32
102-54	Claims of reporting in accordance with the GRI Standards and GRI content index	• Sustainability Report > Reporting Framework • Sustainability Report > GRI Content Index	32 43 – 45
102-55	GRI content index	Sustainability Report > GRI Content Index	43 – 45
102-56	External assurance	We may seek external assurance in the future	–

SUSTAINABILITY REPORT FY2019

GRI Standard & Disclosure title		Section reference	Page
Management approach			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	35 – 41
103-2	The management approach and its components	• Sustainability Report > Board Statement • Sustainability Report > Policy, Practice and Performance Reporting • Sustainability Report > Material Factors	31 34 35 - 41
103-3	Evaluation of management approach	Sustainability Report > Material Factors	35 - 41
Category: Economic			
201-1	Direct economic value generated and distributed	• Financial Highlights • Sustainability Report > Material Factors > Sustainable Business Performance • Financial Contents > Statements of Financial Position • Financial Contents > Consolidated Statement of Profit or Loss • Financial Contents > Consolidated Statement of Comprehensive Income	2 40 57 – 58 59 60
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report > Material Factors > Proactive Anti-Corruption Practices	41
Category: Environmental			
302-3	Reduction in energy requirements of products and services	Sustainability Report > Material Factors > Energy-Efficient Products	38
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report > Material Factors > Employee Retention	39
403-9	Work-related injuries	Sustainability Report > Material Factors > Safety at Workplace	40
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	38 – 39

FINANCIAL CONTENTS

47	Directors' Statement
51	Independent Auditor's Report
57	Statements of Financial Position
59	Consolidated Statement of Profit or Loss
60	Consolidated Statement of Comprehensive Income
61	Consolidated Statement of Changes in Equity
63	Consolidated Statement of Cash Flows
65	Notes to Financial Statements

DIRECTORS' STATEMENT

The Directors of Brook Crompton Holdings Ltd. (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Pang Xinyuan
Dr Knut Unger
Chao Mun Leong

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object 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.

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

Name of Directors and corporation in which interests held	Shareholdings registered in name of Director		Shareholdings in which Director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company				
Brook Crompton Holdings Ltd.				
(No. of ordinary shares)				
Dr Knut Unger	10,000	10,000	–	–
Pang Xinyuan	–	–	23,439,519	23,439,519
Ultimate Holding Company				
Wolong Holding Group Co., Ltd.				
(Capital contribution amount in Chinese renminbi)				
Pang Xinyuan	-	-	312,916,704*	312,916,704*

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

By virtue of Section 164(15) of the Act, Pang Xinyuan is deemed to have an interest in all related corporations of the Company. In accordance with the continuing listing requirement of the Singapore Exchange Securities Trading Limited, the Directors of the Company state that, according to the Register of Directors' Shareholding, the Directors' interests as at 21 January 2020 in the shares of the Company have not changed from those disclosed as at 31 December 2019.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

DIRECTORS' STATEMENT

6. Audit committee

The members of the Audit Committee during the financial year and at the date of this statement are:

Chao Mun Leong (Chairman)	Independent
Dr Knut Unger	Independent
Pang Xinyuan	Non-executive non-independent

The Audit Committee performs the functions specified in Section 201B (5) of the Act, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last Directors' Statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

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

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

(c) the statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;

(d) the quarterly, half-yearly and full-year announcements as well as the related press releases on the results and financial position of the Company and the Group;

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

(f) the re-appointment of the internal and external auditors of the Company.

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

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the external auditor, BDO LLP, be nominated for re-appointment as external auditor at the forthcoming Annual General Meeting of the Company.

In appointing our external auditor for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Pang Xinyuan
Director

Chao Mun Leong
Director

5 June 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Brook Crompton Holdings Ltd. (the "Company") and its subsidiaries (the "Group") as set out on page 57 to 118, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019;
- the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

INDEPENDENT
AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

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

KEY AUDIT MATTER	AUDIT RESPONSE
1 Net realisable value of inventories	
The Group holds inventories, comprising mainly electric motors held for resale, amounting to $15,665,000 which represents 31.1% of the Group's total assets as at 31 December 2019. During the financial year ended 31 December 2019, the write-down of inventories to net realisable values amounted to $291,000. Management exercises significant judgement in identifying and estimating the net realisable values of slow-moving, excess and obsolete inventories, and those inventories for which selling prices have declined below cost. This evaluation includes ageing analysis, technical assessment on the future demand of the types of electric motors and subsequent events such as new sales orders or revised selling prices. Given the significance of inventories to the Group and the extent of judgement involved in estimating its net realisable values, we have identified this as a key audit matter. Refer to Notes 2.4, 3.5 and 9 of the accompanying financial statements.	We performed the following audit procedures, amongst others: We tested the reliability of the inventory ageing report which management uses as a basis to determine the net realisable values of inventories. We performed an analysis of gross margin earned to independently identify any inventories that may be sold below cost. We evaluated and tested management's judgement and estimation of the net realisable values of the Group's electric motors, on a sample basis, by comparing against: • historical sales and write-off; and • subsequent sales or orders received.

INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

Report on the Audit of the Financial Statements (Continued)

KEY AUDIT MATTER	AUDIT RESPONSE
2 Loss allowance on trade receivables	
The Group had net trade receivables amounting to $9,233,000 which represents 18.3% of the Group's total assets as at 31 December 2019. Management exercises significant judgement in measuring the loss allowance at an amount equal to lifetime expected credit losses ("ECL") for trade receivables based on the simplified approach within SFRS(I) 9. During this process, the Group determines the ECL based on historical credit loss experience and past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Given the significance of trade receivables to the Group and the extent of judgement involved in measuring the loss allowance, we have identified this as a key audit matter. Refer to Notes 2.4, 3.6(a), 10 and 26 of the accompanying financial statements.	We performed the following audit procedures, amongst others: We tested the reliability of the trade receivables ageing report which management relied on in measuring the loss allowance. We evaluated management's measurement of loss allowance for expected credit loss in accordance with SFRS(I) 9 by reviewing management's estimate on the expected credit loss for each significant debtor, based on their historical payment pattern calibrated for any current and future economic conditions. We checked to any subsequent collections from debtors with significant and/or long outstanding balances. We evaluated the adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

Report on the Audit of the Financial Statements (Continued)

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

Report on the Audit of the Financial Statements (Continued)

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditor 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 William Ng Wee Liang.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
5 June 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	6,149	2,002	298	8
Subsidiaries	5	–	–	23,204	21,814
Intangible assets	6	25	–	25	–
Other receivables	7	–	–	–	–
Deferred tax assets	8	353	314	–	–
Total non-current assets		6,527	2,316	23,527	21,822
Current assets					
Inventories	9	15,665	14,375	–	–
Trade and other receivables	10	9,921	9,762	6,438	6,781
Prepayments		307	413	7	2
Cash and cash equivalents	11	17,927	16,469	2,552	1,966
Total current assets		43,820	41,019	8,997	8,749
Total assets		50,347	43,335	32,524	30,571
EQUITY AND LIABILITIES					
Equity					
Share capital	12	149,642	149,642	149,642	149,642
Accumulated losses	13	(131,742)	(134,656)	(136,266)	(137,888)
Other reserves	13	16,863	16,441	18,650	18,650
Total equity attributable to owners of the parent		34,763	31,427	32,026	30,404
Liabilities					
Non-current liabilities					
Borrowings	14	–	2	–	–
Lease liabilities	15	3,567	–	218	–
Retirement benefit liabilities	16	985	583	–	–
Deferred tax liabilities	8	–	2	–	–
Total non-current liabilities		4,552	587	218	–

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Current liabilities					
Borrowings	14	326	1,083	–	–
Lease liabilities	15	682	–	77	–
Trade and other payables	17	9,047	9,461	201	164
Current tax liabilities		845	673	2	3
Provision for warranty	18	132	104	–	–
Total current liabilities		11,032	11,321	280	167
Total liabilities		15,584	11,908	498	167
Total equity and liabilities		50,347	43,335	32,524	30,571

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Financial Year Ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Revenue	19	46,697	47,646
Cost of sales		(31,646)	(32,525)
Gross profit		15,051	15,121
Other income		898	975
Distribution and marketing expenses		(6,212)	(6,128)
Administrative expenses		(3,890)	(5,041)
Loss allowance on trade receivables		(102)	–
Finance expenses	20	(99)	(161)
Other expenses		(968)	(246)
Profit before income tax	21	4,678	4,520
Income tax expense	22	(812)	(898)
Profit for the financial year, representing profit attributable to owners of the parent		3,866	3,622
Earnings per share			
Basic and diluted earnings per share (cents)	23	10.9	10.2

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Profit for the financial year		3,866	3,622
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Retirement benefit plan remeasurements	16	(331)	176
Income tax on items that will not be reclassified to profit or loss	8	88	(49)
		(243)	127
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, net of tax of Nil (2018: Nil)		422	(736)
Other comprehensive income for the financial year, net of tax		179	(609)
Total comprehensive income for the financial year, representing total comprehensive income attributable to owners of the parent		4,045	3,013

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2019

	Attributable to owners of the Parent				
	Share capital	Capital reserve	Translation reserve	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000	$'000
Group					
At 1 January 2019	149,642	18,650	(2,209)	(134,656)	31,427
Total comprehensive income for the financial year					
Profit for the financial year	–	–	–	3,866	3,866
Other comprehensive income for the financial year					
Retirement benefit plan remeasurements	–	–	–	(331)	(331)
Exchange differences on translation of foreign operations	–	–	422	–	422
Income tax on other comprehensive income	–	–	–	88	88
Total other comprehensive income	–	–	422	(243)	179
Total comprehensive income for the financial year	–	–	422	3,623	4,045
Total transactions with owners, recognised directly in equity					
Dividends (Note 24)	–	–	–	(709)	(709)
At 31 December 2019	149,642	18,650	(1,787)	(131,742)	34,763

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2019

	Attributable to owners of the Parent				
	Share capital	Capital reserve	Translation reserve	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000	$'000
Group					
At 1 January 2018	149,642	18,650	(1,473)	(136,632)	30,187
Total comprehensive income for the financial year					
Profit for the financial year	–	–	–	3,622	3,622
Other comprehensive income for the financial year					
Retirement benefit plan remeasurements	–	–	–	176	176
Exchange differences on translation of foreign operations	–	–	(736)	–	(736)
Income tax on other comprehensive income	–	–	–	(49)	(49)
Total other comprehensive income	–	–	(736)	127	(609)
Total comprehensive income for the financial year	–	–	(736)	3,749	3,013
Total transactions with owners, recognised directly in equity					
Dividends (Note 24)	–	–	–	(1,773)	(1,773)
At 31 December 2018	149,642	18,650	(2,209)	(134,656)	31,427

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2019

	Group	
	2019	2018
	$'000	$'000
Operating activities		
Profit for the financial year	3,866	3,622
Adjustments for:		
Depreciation and amortisation	794	163
Income tax expense	812	898
Interest expense	167	86
Interest income	(40)	(9)
Loss on liquidation of subsidiary	–	95
Write-down on inventories, net	291	90
Loss allowance on trade receivables	102	–
Provision for warranty	158	17
Retirement benefit plan expense	269	301
Net change in fair value of derivatives	–	(4)
Unrealised foreign exchange gain	(306)	(34)
	6,113	5,225
Changes in:		
Inventories	(1,327)	(675)
Trade and other receivables	(99)	188
Prepayments	119	96
Trade and other payables	(694)	398
Provision for warranty	(130)	(5)
Retirement benefit contribution paid	110	(215)
Cash from operating activities	4,092	5,012
Income tax paid	(610)	(289)
Net cash from operating activities	3,482	4,723
Investing activities		
Acquisitions of property, plant and equipment	(39)	(92)
Acquisitions of intangibles assets	(26)	–
Interest received	40	9
Net cash used in investing activities	(25)	(83)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2019

	Group	
	2019	2018
	$'000	$'000
Financing activities		
Repayment of obligations under leases (2018: Repayment of finance lease) (Note A)	(599)	(11)
Interest paid	(167)	(86)
Dividend paid	(709)	(1,773)
Net cash used in financing activities	(1,475)	(1,870)
Net increase in cash and cash equivalents	1,982	2,770
Cash and cash equivalents as at the beginning of the financial year	15,392	12,956
Effects of exchange rate changes on cash and cash equivalents	227	(334)
Cash and cash equivalents as at the end of the financial year (Note 11)	17,601	15,392

Note A: Reconciliation of liabilities arising from financing activities

			Non-cash changes		
	1 January 2019	Cash flows	Adoption of SFRS(I) 16	Additions of lease liabilities	31 December 2019
	$'000	$'000	$'000	$'000	$'000
Lease liabilities (Note 15)	8	(599)	4,403	437	4,249

			Non-cash changes		
	1 January 2018	Cash flows	Additions of property, plant and equipment under finance lease	Accretion of interest	31 December 2018
	$'000	$'000	$'000	$'000	$'000
Finance lease payables (Note 14)	18	(11)	–	1	8

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

NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2019

These notes form an integral part of and should be read in conjunction with the financial statements.

1. GENERAL CORPORATE INFORMATION

Brook Crompton Holdings Ltd. (the "Company") (Registration Number: 194700172G) is a public limited company, incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office and principal place of business is 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

The immediate holding company is ATB Austria Antriebstechnik AG ("ATB"), incorporated in Austria. The ultimate holding company is Wolong Holding Group Co., Ltd. ("Wolong Holding"), incorporated in the People's Republic of China. The ultimate controlling party is Chen Jiancheng.

The statement of financial position of the Company as at 31 December 2019 and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2019 were authorised for issue in accordance with a Directors' resolution dated 5 June 2020 .

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), including related interpretations of SFRS(I) ("SFRS(I) INTs").

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2019

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies, except as detailed below.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases and SFRS(I) INT 4 Determining whether an Arrangement Contains a Lease. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the consolidated statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be amortised and the lease liabilities will be measured at amortised cost.

2. BASIS OF PREPARATION (CONTINUED)

2.1 Statement of compliance (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 January 2019 (Continued)

SFRS(I) 16 Leases (Continued)

The Group applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings, if any, as at 1 January 2019 (the "date of initial application"). The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- Leases with a remaining term of twelve months from the date of initial application have been accounted for as short-term leases (i.e. not recognised on the statements of financial position) even though the initial term of the leases from lease commencement date may have been more than twelve months; and

- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Group previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most leases. For those low-value assets based on the value of the underlying asset when new and leases with a lease term of 12 months or less, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities in relation to various offices, warehouses and other operating facilities, which had previously been classified as operating leases.

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 were measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 2.4% per annum.

The right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Group chooses not to present the right-of-use assets separately on the face of statements of financial position and included these right-of-use assets within property, plant and equipment.

2. BASIS OF PREPARATION (CONTINUED)

2.1 Statement of compliance (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 January 2019 (Continued)

SFRS(I) 16 Leases (Continued)

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the assets acquired under finance leases and finance lease liabilities at the date of initial application shall be the carrying amount of the right-of-use assets and lease liabilities as at 31 December 2018.

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

	Group	Company
	Increase/ (decrease) $'000	Increase/ (decrease) $'000
Assets		
Property, plant and equipment	4,403	367
Liabilities		
Borrowings	(8)	–
Lease liabilities	4,411	367

The aggregate lease liabilities recognised in the statements of financial position as at 1 January 2019 and the Group's and the Company's operating lease commitment as at 31 December 2018 can be reconciled as follows:

	Group $'000	Company $'000
Operating lease commitment as at 31 December 2018 (Note 25)	3,385	518
Less: Effect of short-term and low value leases	(139)	(104)
Add: Effect of extension options reasonably certain to be exercised	1,571	–
	4,817	414
Effect of discounting using the incremental borrowing rate as at date of initial application	(414)	(47)
	4,403	367
Finance lease liabilities recognised as at 31 December 2018	8	–
Lease liabilities as at 1 January 2019	4,411	367

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the ASC that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollar ("$"), which is the Company's functional currency. All financial information presented in Singapore dollar have been rounded to the nearest thousand ("$'000"), unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – impairment of investments in subsidiaries
- Note 8 – utilisation of tax losses
- Note 9 – valuation of inventories
- Note 10 – loss allowance on trade receivables
- Note 15 – measurement of lease liabilities

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is assessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the financial year, adjusted for effective interest and payments during the financial year, and the amortised cost in foreign currency translated at the exchange rate at the end of the financial year.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in foreign operations (see below) which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollar at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollar at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost includes:

- the purchase price;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

Depreciation (Continued)

The estimated useful lives for the current and comparative years are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Intangible assets

Computer software licences

Acquired computer software licences have finite useful lives and are initially recognised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

3.6 Financial instruments

The Group recognises a financial asset or a financial liability in its statements of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

a) Financial assets

The Group classifies its financial assets as amortised cost in accordance with the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group's accounting policy for amortised cost is as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

a) Financial assets (Continued)

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding Goods and Services Tax ("GST") recoverable) and cash and cash equivalents on the statements of financial position.

b) Financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities of the Group comprise borrowings, lease liabilities and trade and other payables (excluding Value-Added Tax ("VAT") payables).

c) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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 and the consideration paid is recognised in profit or loss.

d) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment

a) Financial assets

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. The Group has assessed based on historical credit loss experience, adjusted for forward-looking factors and the economic environment. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other expenses in the consolidated statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss (operating profit).

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 include 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;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
(e) the disappearance of an active market for that financial asset because of financial difficulties; or
(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

b) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

b) Non-financial assets (Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Leases

The Group as lessee

Accounting policy for leases on or after 1 January 2019

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

The Group as lessee (Continued)

Accounting policy for leases on or after 1 January 2019 (Continued)

Initial measurement (Continued)

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets within "Property, plant and equipment" and lease liabilities separately from other liabilities in the statements of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. The estimated useful life of right-of-use assets are as follows:

Leased operating facilities	3 to 10 years
Plant, machinery and office equipment	2 to 5 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

The Group as lessee (Continued)

Accounting policy for leases on or after 1 January 2019 (Continued)

Subsequent measurement (Continued)

The carrying amount of right-of-use assets is reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 3.7 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities and variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

The Group as lessee (Continued)

Accounting policy prior to 1 January 2019

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the statements of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability. The finance expenses are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specified asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense.

Warranty

A provision for warranty is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

3.10 Revenue

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. Most of the Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

Distribution

The Group's distribution business is involved in selling electric motors to wholesalers and retailers. Revenue from the sales of these products is recognised at point in time when the products are delivered to customers. For overseas sales, performance obligations are satisfied when the controls of products (i.e. risk of obsolescence and loss of shipment) are transferred to the customers. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay within a credit term of 30 to 120 days.

The products sold by the Group include standard warranty which requires the Group either to replace or mend the defective product during the warranty period. The warranty against defect is not accounted for as separate performance obligation. Therefore, a provision is made for the costs of satisfying the warranties in accordance with SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets. Refer to Note 3.9 to the financial statements for the accounting policies.

Interest income

Interest income is recognised using the effective interest rate method.

Management fee income

Management fee income is recognised at a point in time when the services are performed.

License income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefits expense in profit or loss in the periods during which related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit pension plans other than a defined contribution plan. Defined benefit plans typically define the amount of benefits that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised on the statements of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for recognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.12 Finance expenses

Finance expenses comprise interest expenses on borrowings and lease liabilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance expenses depending on whether foreign currency movements are in a net gain or net loss position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates (or tax laws) enacted or substantively enacted in countries where the Group operate at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflect the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Tax expense (Continued)

Deferred tax (Continued)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Sales tax

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

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

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

3.14 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.15 Dividends

Dividends to the Company's equity holders are recognised when the dividends are declared and approved for payment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Corporate segment results mainly arises from corporate expenses which are not directly attributable to a particular operating segment.

Segment capital expenditure is the total costs incurred during the financial year to acquire property, plant and equipment and intangible assets.

3.17 Cash and cash equivalents

Cash and cash equivalents on the statements of financial position comprise cash on hand and bank balances. For the purposes of the consolidated statement of cash flows, cash and cash equivalents also includes bank overdrafts. On the statements of financial position, bank overdrafts are presented within borrowings under current liabilities.

4. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets	Freehold land	Building on freehold land	Renovations	Plant, machinery and office equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
At 1 January 2019	–	899	1,491	179	7,614	10,183
Adoption of SFRS(I) 16	4,403	–	–	–	–	4,403
At 1 January 2019 (restated)	4,403	899	1,491	179	7,614	14,586
Additions	437	–	–	–	39	476
Effects of movements in exchange rates	–	32	54	4	82	172
At 31 December 2019	4,840	931	1,545	183	7,735	15,234
Accumulated depreciation						
At 1 January 2019	–	–	829	179	7,173	8,181
Depreciation for the financial year	647	–	39	–	107	793
Effects of movements in exchange rates	–	–	29	4	78	111
At 31 December 2019	647	–	897	183	7,358	9,085
Net carrying amount						
At 31 December 2019	4,193	931	648	–	377	6,149

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land $'000	Building on freehold land $'000	Renovations $'000	Plant, machinery and office equipment $'000	Total $'000
Group					
Cost					
At 1 January 2018	969	1,586	186	7,755	10,496
Additions	–	37	–	55	92
Disposal	–	–	–	(3)	(3)
Effects of movements in exchange rates	(70)	(132)	(7)	(193)	(402)
At 31 December 2018	899	1,491	179	7,614	10,183
Accumulated depreciation					
At 1 January 2018	–	886	186	7,244	8,316
Depreciation for the financial year	–	42	–	121	163
Disposal	–	–	–	(3)	(3)
Effects of movements in exchange rates	–	(99)	(7)	(189)	(295)
At 31 December 2018	–	829	179	7,173	8,181
Net carrying amount					
At 31 December 2018	899	662	–	441	2,002

	Right-of-use assets $'000	Plant, machinery and office equipment $'000	Total $'000
Company			
Cost			
At 1 January 2019	–	206	206
Adoption of SFRS(I) 16	367	–	367
At 1 January 2019 (restated)	367	206	573
Additions	-	6	6
At 31 December 2019	367	212	579
Accumulated depreciation			
At 1 January 2019	–	198	198
Depreciation for the financial year	80	3	83
At 31 December 2019	80	201	281
Net carrying amount			
At 31 December 2019	287	11	298

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant, machinery and office equipment $'000
Company	
Cost	
At 1 January 2018	199
Additions	7
At 31 December 2018	206
Accumulated depreciation	
At 1 January 2018	180
Depreciation for the financial year	18
At 31 December 2018	198
Net carrying amount	
At 31 December 2018	8

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

	Leased operating facilities $'000	Plant, machinery and office equipment $'000	Total $'000
Group			
Cost			
At 1 January 2019			
Adoption of SFRS(I) 16	4,140	263	4,403
Additions	333	104	437
	4,473	367	4,840
Accumulated depreciation			
Depreciation	(540)	(107)	(647)
At 31 December 2019	3,933	260	4,193

Right-of-use assets of the Company relate mainly to the leased operating facilities.

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2018, the carrying amount of plant, machinery and office equipment held by the Group under finance lease amounted to $8,000.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $476,000, of which $437,000 were relates to right-of-use assets. Cash payments of $39,000 were made to purchase property, plant and equipment.

Security

As at 31 December 2019, the freehold land and building on a freehold land of the Group with a total carrying amount of $1,579,000 (2018: $1,561,000) were pledged as security to secure bank borrowings (Note 14).

5. SUBSIDIARIES

	Company	
	2019	**2018**
	$'000	**$'000**
Unquoted equity shares, at cost	67,092	65,702
Impairment losses	(44,080)	(44,080)
	23,012	21,622
Discount implicit in interest-free loan to a subsidiary	192	192
	23,204	21,814

Discount implicit in interest-free loan to a subsidiary represents the difference between fair value of the interest-free loan to its subsidiary and the loan amount at inception. The loan has been fully repaid in 2014.

On 19 February 2019, the Company increased its paid-up capital of its wholly-owned subsidiary, Brook Crompton Limited by US$1,000,000 (approximately $1,390,000).

As at the end of the financial year, the Company carried out a review of the recoverable amount of its investment in subsidiaries, as a result of indicators of impairment on investments in subsidiaries based on the existing performance of certain subsidiaries during the financial year. The estimates of the recoverable amounts are determined based on value-in-use calculations. The key assumptions used in measuring value-in-use included discount rates ranging from 7.7% to 8.0% and revenue growth rates ranging from 14% to 35%.

5. SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal and incorporation place of business	Proportion of ownership interest held by the Group	
			2019 %	2018 %
Held by the Company				
Brook Crompton UK Limited [1]	Distribution of electric motors	United Kingdom	100	100
Brook Crompton Limited [2]	Distribution of electric motors	Canada	100	100
Brook Crompton USA, Inc [2]	Distribution of electric motors	United States of America	100	100
Brook Crompton Asia Pacific Pte. Ltd. [3]	Distribution of electric motors	Singapore	100	100

(1) Audited by RSM UK Audit LLP
(2) Audited for consolidation purpose by BDO Canada LLP, a member firm of BDO International Limited
(3) Audited by BDO LLP, Singapore, a member firm of BDO International Limited

6. INTANGIBLE ASSETS

	Group and Company	
	2019 $'000	2018 $'000
Computer software licenses		
Cost		
At 1 January	46	46
Additions	26	–
Write-off	(46)	–
At 31 December	26	46
Accumulated amortisation		
At 1 January	46	46
Additions	1	–
Write-off	(46)	–
At 31 December	1	46
Net carrying amount		
At 31 December	25	–

Computer software licenses is amortised over the estimated useful life of 5 years.

7. OTHER RECEIVABLES – NON-CURRENT

	Company	
	2019	2018
	$'000	$'000
Amounts due from a subsidiary	2,136	2,136
Loss allowance	(2,136)	(2,136)
	–	–

The amounts due from a subsidiary are unsecured, interest-free and repayments are not expected within the next 12 months. As at 31 December 2019 and 2018, the debt has been identified to be credit impaired as there is no realistic prospect of a recovery of an amount due from a subsidiary amounting to $2,136,000.

Movement in loss allowance on other receivables of the Company during the financial year was as follows:

	Company	
	2019	2018
	$'000	$'000
At 1 January	2,136	2,350
Utilisation of loss allowance	–	(214)
At 31 December	2,136	2,136

8. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) are attributable to the following:

	Group			
	Assets		Liabilities	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Property, plant and equipment	–	–	(266)	(284)
Provision for warranty	15	10	–	–
Retirement benefit liabilities	261	155	–	–
Unutilised tax losses	343	431	–	–
Deferred tax assets/(liabilities)	619	596	(266)	(284)
Set-off tax	(266)	(282)	266	282
Net deferred tax assets/(liabilities)	353	314	–	(2)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movements in deferred tax assets/(liabilities) of the Group during the financial year were as follows:

	At 1 January 2018	Recognised in profit or loss (Note 22)	Recognised in other comprehensive income*	Effect of movements in exchange rates	At 31 December 2018	Recognised in profit or loss (Note 22)	Recognised in other comprehensive income*	Effect of movements in exchange rates	At 31 December 2019
Group									
Deferred tax assets									
Provision for warranty	9	1	–	–	10	5	–	–	15
Retirement benefit liabilities	191	23	(49)	(10)	155	12	88	6	261
Unutilised tax losses	808	(378)	-	1	431	(89)	–	1	343
	1,008	(354)	(49)	(9)	596	(72)	88	7	619
Deferred tax liabilities									
Property, plant and equipment	(384)	81	–	19	(284)	28	–	(10)	(266)

* Net recorded in other comprehensive income amounting to $88,000 (2018: $49,000).

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom. These tax losses expire between 2027 and 2030.

	Group	
	2019	2018
	$'000	$'000
Unutilised tax losses	–	219

9. INVENTORIES

	Group	
	2019	2018
	$'000	$'000
Goods for resale	15,269	14,043
Spare parts	396	332
	15,665	14,375

In 2019, the cost of inventories recognised as an expense and included in cost of sales amounted to $31,195,000 (2018: $32,345,000).

A review is made periodically of inventory for excess stocks, obsolescence and decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future demand for the products. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment on the future demand of the types of electric motors and subsequent events such as new sales orders or revised selling prices. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the valuation of inventory.

In 2019, the write-down of inventories to net realisable value, due to management's reassessment of the inventories' ageing profiles in accordance with the Group's policy, amounted to $291,000 (2018: $90,000) for the Group. These are included under "cost of sales".

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables				
- third parties	9,275	8,980	–	–
- related corporations	60	40	–	–
Loss allowance - third parties	(102)	(1)	–	–
	9,233	9,019	–	–
Non-trade amounts due from:				
- third parties	510	505	29	29
- subsidiaries	–	–	6,310	6,652
- related corporations	174	235	95	100
	684	740	6,434	6,781
GST recoverable	4	3	4	–
	9,921	9,762	6,438	6,781

The Group's and the Company's exposure to credit, foreign currency and liquidity risks are disclosed in Note 26.

Trade receivables are unsecured, non-interest bearing and generally on 30 to 120 days' credit terms. Non-trade amounts due from subsidiaries and related corporations are unsecured, non-interest bearing and repayable on demand.

The Group has applied the simplified approach in accordance with SFRS(I) 9 to measure the loss allowance on trade receivables using lifetime Expected Credit Loss ("ECL"). The Group determines the ECL based on historical credit loss experience and past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. For further details, refer to Note 26.

For non-trade amounts due from subsidiaries and related corporations, the Group and the Company assessed the latest financial performance and position of the subsidiaries and related corporations, adjusted for future outlook of the industry and jurisdiction in which they operate in, and concluded there has been no significant increase in credit risk since the initial recognition of the non-trade receivables. Accordingly, the Group and the Company measured the loss allowance using 12-month ECL and determined that the ECL is insignificant as at 31 December 2019. For further details, refer to Note 26.

The ageing of trade and other receivables at the reporting date is:

	Gross 2019 $'000	Loss allowance 2019 $'000	Gross 2018 $'000	Loss allowance 2018 $'000
Group				
Not past due	6,448	–	5,512	–
Past due 1 - 90 days	2,471	–	3,528	–
Past due 91 - 180 days	691	–	339	–
Past due more than 180 days	413	(102)	384	(1)
	10,023	(102)	9,763	(1)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing of trade and other receivables at the reporting date is: (Continued)

	Gross 2019 $'000	Loss allowance 2019 $'000	Gross 2018 $'000	Loss allowance 2018 $'000
Company				
Not past due	6,438	–	6,781	–

Movements in loss allowance in respect of impairment losses in respect of trade receivables of the Group during the financial year were as follows:

	Group	
	2019 $'000	2018 $'000
At 1 January	1	433
Loss allowance on credit impaired financial assets made during the financial year (Note 21)	102	–
Loss allowance written back during the financial year	(1)	–
Reversal of loss allowance due to liquidation of a subsidiary	–	(420)
Effect of movements in exchange rates	–	(12)
At 31 December	102	1

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash at bank and in hand	17,927	16,469	2,552	1,966
Bank overdrafts (Note 14)	(326)	(1,077)		
Cash and cash equivalents as per consolidated statement of cash flows	17,601	15,392		

12. SHARE CAPITAL

	Group and Company	
	2019 No. of shares '000	2018 No. of shares '000
Issued and fully-paid with no par value		
In issue at 31 December	35,459	35,459

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group is able to continue as a going concern through the optimisation of the debt and total equity attributable to owners of the Company. The capital structure of the Group consists of net debt and total equity attributable to owners of the Company, comprising share capital, accumulated losses and other reserves (Note 13).

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. The Group and Company include within net debt, borrowings, lease liabilities plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

There were no changes in the Group's approach to capital management during the financial year.

Externally imposed capital requirement of the Group relates to a covenant included in an overdraft facility which requires a subsidiary to maintain tangible net worth of not less than US$1,750,000.

The Group was subject to and has complied with externally imposed capital requirements for the financial years ended 31 December 2019 and 2018.

13. ACCUMULATED LOSSES AND OTHER RESERVES

Accumulated losses

Movements in the accumulated losses of the Company were as follows:

	Company	
	2019	2018
	$'000	$'000
At 1 January	(137,888)	(138,938)
Total comprehensive income for the financial year	2,331	2,823
Dividends (Note 24)	(709)	(1,773)
At 31 December	(136,266)	(137,888)

Other reserves

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Translation reserve	(1,787)	(2,209)	–	–
Capital reserve	18,650	18,650	18,650	18,650
	16,863	16,441	18,650	18,650

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

Capital reserve are non-distributable and represent:

(i) the deemed capital injection arising from the waiver by its former ultimate holding company of amounts paid on behalf of the Company in 2008; and

(ii) the difference between fair value of the interest-free loan from its intermediate holding company and the loan amount at inception in 2012.

14. BORROWINGS

	Group	
	2019	2018
	$'000	$'000
Current		
Bank overdrafts (Note 11)	326	1,077
Finance lease payables	–	6
	326	1,083
Non-current		
Finance lease payables	–	2

The Group's and the Company's exposure to foreign currency, interest rate and liquidity risks are disclosed in Note 26.

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

				31 December 2019		31 December 2018	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
				$'000	$'000	$'000	$'000
Group							
Bank overdrafts	USD	Prime Lending Rate+1.25%	N/A	326	326	1,077	1,077
Finance lease	CAD	5.8	2020	–	–	8	8
				326	326	1,085	1,085

The bank overdrafts of $326,000 (2018: $1,077,000) are secured on properties held by a subsidiary with carrying amount of $1,579,000 (2018: $1,561,000) (Note 4).

14. BORROWINGS (CONTINUED)

Finance lease payables

At 31 December 2018, the Group had obligations under finance leases that were repayable as follows:

	2018	
	Not later than one year	Later than one year and not later than five years
	$'000	$'000
Group		
Future minimum lease payments	6	2
Interest	*	*
Present value of minimum lease payments	6	2

* Less than $1,000.

Finance lease payables were reclassified to lease liabilities on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact on adoption of SFRS(I) 16 is disclosed in Note 2.1.

15. LEASE LIABILITIES

	Group	Company
	2019	2019
	$'000	$'000
At 1 January 2019		
- Finance lease liabilities under SFRS(I) 1-17	8	–
- Adoption of SFRS(I) 16 (Note 2.1)	4,403	367
	4,411	367
Additions	437	–
Interest expense (Note 20)	101	18
Lease payments		
- Principal portion	(599)	(72)
- Interest portion	(101)	(18)
At 31 December 2019	4,249	295

15. LEASE LIABILITIES (CONTINUED)

The maturity analysis of lease liabilities of the Group and Company at each reporting date are as follows:

	Group	Company
	2019	2019
	$'000	$'000
Amounts payable under lease liabilities:		
Within one year	779	90
In the second to fifth years inclusive	2,308	234
More than five years	1,509	–
Less: Future interest expense	(347)	(29)
Present value of lease liabilities	4,249	295
Presented in statements of financial position		
- Non-current	3,567	218
- Current	682	77
	4,249	295

The Group leases offices, warehouses, motor vehicles and office equipment in Singapore, United States of America, United Kingdom and Canada. These leases typically run for a period of 2 to 10 years. The Group leases motor vehicles and office equipment, which are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and makes certain entity-specific estimates (such as own credit rating, lease term, security as well as lease value) in order to reflect what the Group would have to pay.

The weighted average incremental borrowing rate applied to lease liabilities as at 31 December 2019 was 2.5% per annum. The carrying amount of lease liabilities measured by applying incremental borrowing rate as at 31 December 2019 was $4,249,000. If the incremental borrowing rate had been 1.5% higher or lower than management's estimates, the Group's lease liabilities would have been lower or higher by $64,000.

16. RETIREMENT BENEFIT LIABILITIES

	Group	
	2019	2018
	$'000	$'000
Present value of retirement benefit obligations	(3,291)	(2,613)
Fair value of plan assets	2,306	2,030
	(985)	(583)

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

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

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

Movement in the present value of retirement benefit obligations

	Group	
	2019	2018
	$'000	$'000
Retirement benefit obligations at 1 January	(2,613)	(3,222)
Included in profit or loss (Note 21)		
Current service costs	(240)	(271)
Interest costs	(116)	(118)
	(356)	(389)
Included in other comprehensive income		
Remeasurements - actuarial (loss)/gain*	(536)	306
Others		
Benefits paid by the plan	308	495
Effects of movement in exchange rate	(94)	197
	214	692
Retirement benefit obligations at 31 December	(3,291)	(2,613)

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

16. RETIREMENT BENEFIT LIABILITIES (CONTINUED)

Movement in the fair value of plan assets

	Group	
	2019	2018
	$'000	$'000
Fair value of plan assets at 1 January	2,030	2,500
Included in profit or loss (Note 21)		
Interest income	87	88
Included in other comprehensive income		
Return on plan assets, excluding interest income*	205	(130)
Others		
Contributions paid in the plan	219	215
Benefits paid by the plan	(308)	(495)
Effects of movement in exchange rate	73	(148)
	(16)	(428)
Fair value of plan assets at 31 December	2,306	2,030

* Net recorded in other comprehensive income amounting to $331,000 (2018: $176,000).

The plan assets are invested in the following areas:

	Group	
	2019	2018
	%	%
Equity	64	63
Bond	31	33
Cash	5	4
Total	100	100

Expense recognised in profit or loss

	Group	
	2019	2018
	$'000	$'000
Current service costs	(240)	(271)
Net interest on net retirement benefit liabilities	(29)	(30)
Total included in employee benefits expense (Note 21)	(269)	(301)

16. RETIREMENT BENEFIT LIABILITIES (CONTINUED)

Expense recognised in profit or loss (Continued)

The expense is recognised in the following line items in the profit and loss:

	Group	
	2019	2018
	$'000	$'000
Distribution and marketing expenses	(102)	(215)
Administrative expenses	(167)	(86)
	(269)	(301)

The financial actuarial assumptions used are as follows:

	Group	
	2019	2018
	%	%
Discount rate	3.2	4.0
Future pension increment	3.0	3.0
Longevity at retirement age	22.5	22.4

The schemes are exposed to a number of risks, including:

- Longevity risk: changes in the estimation of mortality rates of current and former employees.
- Salary risk: increases in future salaries increase the gross retirement benefit obligations.

The weighted-average duration of the defined benefit obligation at 31 December 2019 was 24.93 years (2018: 22.82 years).

Sensitivity analysis

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumptions constant, is presented in the table below:

Actuarial assumption	Change in actuarial assumption	Defined benefit obligation	
		Increase	Decrease
		$'000	$'000
31 December 2019			
Discount rate	1%	(639)	821
31 December 2018			
Discount rate	1%	(467)	596

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade payables				
- third parties	2,508	2,047	–	–
- related corporations	4,617	5,640	–	–
	7,125	7,687	–	–
Non-trade amounts due to:				
- immediate holding company	–	–	1	2
- a subsidiary	–	–	13	12
- related corporations	342	124	2	–
	342	124	16	14
Accrued staff costs	607	584	24	29
Accrued operating expenses	365	678	161	121
VAT payables	608	388	–	–
Trade and other payables	9,047	9,461	201	164

Trade payables are unsecured, non-interest bearing and generally on 30 to 90 days' credit terms.

The non-trade amounts due to immediate holding company, a subsidiary and related corporations are unsecured, non-interest bearing and repayable on demand.

The Group's and the Company's exposure to foreign currency and liquidity risks are disclosed in Note 26.

18. PROVISION FOR WARRANTY

The Group provides after sales support for warranty claims by customers. A provision is recognised for after sales support of warranty claims based on past experience of the level of support provided for repairs and returns for warranty not provided by the Group's suppliers.

Movements in provision for warranty of the Group during the financial year are as follows:

	Group	
	2019 $'000	2018 $'000
At 1 January	104	94
Provision made during the financial year	158	17
Provision utilised during the financial year	(130)	(5)
Effects of movement in exchange rate	–	(2)
At 31 December	132	104

19. REVENUE

	Group	
	2019 $'000	2018 $'000
Sale of electric motors	46,697	47,646

The Group has disaggregated revenue to reflect the operations of the business segments identified by management. The segment information together with other information utilised for the purpose of management monitoring of operating results of the segment, which includes the geographical markets are disclosed in Note 28 to the financial statements.

Segment	Distribution	
	2019 $'000	2018 $'000
Type of good		
Electric motors	46,697	47,646
Timing of transfer of goods		
Point in time	46,697	47,646

20. FINANCE EXPENSES

	Group	
	2019 $'000	2018 $'000
Interest expenses:		
- bank overdrafts	66	85
- finance lease payables (Note 14)	–	1
- lease liabilities (Note 15)	101	–
Net foreign exchange (gain)/loss	(68)	79
Net change in fair value of derivatives	–	(4)
	99	161

21. PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

	Group	
	2019	2018
	$'000	$'000
Audit fees paid/payable to auditors:		
- auditor of the Company	96	93
- other auditors	110	88
Non–audit fees paid/payable to auditors:		
- auditor of the Company	–	–
- other auditors	16	7
Spare parts and goods for resale	32,483	32,476
Changes in inventories of spare parts and goods for resale	(1,288)	(131)
Depreciation and amortisation	794	163
Employee benefits expense*	5,659	6,011
Loss allowance on trade receivables	102	–
Loss on liquidation of subsidiary	–	95
Interest income	(40)	(9)
Operating lease expense	–	924
Lease expenses on		
- short–term leases	10	–
- low value assets	10	–
Operating lease income	(4)	(48)
Write–down on inventories, net	291	90

	Group	
	2019	2018
	$'000	$'000
Employee benefits expense*		
Salaries, wages and other benefits	4,566	4,930
Employer's contributions to defined contribution plans including Central Provident Funds and social security charges	824	780
Employer's contribution to retirement benefits plan (Note 16)	269	301
	5,659	6,011

21. PROFIT BEFORE INCOME TAX (CONTINUED)

The employee benefits expense is recognised in the following line items in profit or loss:

	Group	
	2019	2018
	$'000	$'000
Distribution and marketing expenses	3,750	3,494
Administrative expenses	1,909	2,517
	5,659	6,011

* Included in the employee benefits expense were key management remuneration as disclosed in Note 27 to the financial statements.

22. INCOME TAX EXPENSE

	Group	
	2019	2018
	$'000	$'000
Current tax expense		
- Singapore	12	12
- Foreign	752	615
	764	627
Deferred tax expense	44	273
	808	900
Under/(Over)provision of current tax expense in prior years	4	(2)
	812	898

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

Reconciliation of effective tax rate

	Group	
	2019	2018
	$'000	$'000
Profit before income tax	4,678	4,520
Tax calculated at applicable tax rate of 17%	795	768
Effects of different tax rates in other countries	68	80
Tax effect of income not subject to tax	(191)	(203)
Tax effect of expenses not deductible for tax purposes	208	227
Tax incentive and rebates	(26)	(17)
Changes in unrecognised temporary differences	(46)	45
Under/(Over)provision of current tax expense in prior years	4	(2)
	812	898

23. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and an actual number of ordinary shares outstanding calculated as follows:

	Group	
	2019	2018
	$'000	$'000
Basic and diluted earnings per share is based on:		
Profit attributable to ordinary shareholders	3,866	3,622

	Number of ordinary shares	
	2019	2018
	'000	'000
Actual number of ordinary shares during the year applicable to basic and diluted earnings per shares (Note 12)	35,459	35,459

As the Group has no dilutive potential ordinary shares, the diluted earnings per share is also the basic earnings per share.

24. DIVIDENDS

During the financial year ended 31 December 2019, the Company declared and paid a final one-tier tax exempt dividend of $0.02 (2018: $0.05) per ordinary share of the Company totaling $709,000 (2018: $1,773,000) in respect of the financial year ended 31 December 2018 (2018: 31 December 2017).

The Directors of the Company recommend a final tax-exempt cash dividend of $0.02 per share amounting to approximately $709,000 be paid in respect of current financial year. This final dividend has not been recognised as a liability as at the end of the financial year as it is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company.

25. OPERATING LEASES COMMITMENTS

As lessee

As at 31 December 2019, the Group has approximately $12,200 of aggregate undiscounted commitments for short-term leases.

As at 31 December 2018, operating lease commitments are based on existing rental rates as below. The Group and the Company lease various offices, warehouses and other operating facilities under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. There is no contingent rental charged to the Group and the Company. The Group and the Company do not have any restrictions imposed by the lease agreement.

As at 31 December 2018, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	Company
	2018	2018
	$'000	$'000
Not later than one year	702	113
Later than one year and not later than five years	2,328	405
Later than five years	355	–
	3,385	518

26. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's and the Company's activities expose it to the following financial risks:

- market risk
- credit risk
- liquidity risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit Committee is entrusted for the development and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by outsourced Internal Audit which undertakes both regular and ad hoc reviews of risk management.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the functional currencies of the respective entities in the Group. The currencies giving rise to this risk are primarily the United States dollar ("USD"), Euro ("EUR") and British pound sterling ("GBP").

The Group's and the Company's currency exposures to various currencies are as follows:

	EUR $'000	USD $'000	GBP $'000
Group			
31 December 2019			
Cash and cash equivalents	2,413	1,869	1,373
Trade and other receivables	1,032	5,203	2,161
Borrowings	–	(326)	–
Trade and other payables	(1,897)	(2,041)	(30)
Currency exposures	1,548	4,705	3,504
31 December 2018			
Cash and cash equivalents	4,999	1,828	980
Trade and other receivables	675	4,509	2,636
Borrowings	–	(1,077)	–
Trade and other payables	(1,718)	(3,381)	(1,445)
Currency exposures	3,956	1,879	2,171

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (Continued)

	EUR	USD	GBP
	$'000	$'000	$'000
Company			
31 December 2019			
Cash and cash equivalents	1	933	1,345
Trade and other receivables	–	3,176	2,159
Trade and other payables	1	–	–
Currency exposures	2	4,109	3,504
31 December 2018			
Cash and cash equivalents	1	958	958
Trade and other receivables	–	3,182	2,632
Currency exposures	1	4,140	3,590

Sensitivity analysis

A strengthening of EUR by 4% (2018: 2%), GBP by 3% (2018: 1%) and USD by 1% (2018:2%) against Singapore dollar at the reporting date would increase/(decrease) profit or loss by the amounts shown below. There is no impact on equity. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
EUR	62	79	–	–
USD	47	38	41	83
GBP	105	22	105	36

Assuming a weakening of EUR by 4% (2018: 2%), GBP by 3% (2018: 1%) and USD by 1% (2018:2%) against Singapore dollar would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's exposure to changes in interest rates related primarily to the Group's interest-bearing financial liabilities. The Directors monitor the interest rates of the Group's interest-bearing financial liabilities, where possible, in order to maintain the best interest rates that the Group can obtain in order to reduce interest expense. The ability of the Group to manage the impact of changes in market interest rates on the Group's interest-bearing financial liabilities is dependent on the support of the Group's bankers and other financial institutions.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (Continued)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial liabilities was:

	Group	
	Carrying amount	
	2019 $'000	2018 $'000
Fixed rate instruments		
Finance lease payables	–	8
Lease liabilities	4,249	–
Variable rate instruments		
Bank overdrafts	326	1,077

Cash flow sensitivity analysis for variable rate instruments

A change of 1.5% in interest rates at the end of the financial year would (decrease)/increase profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group	
	Profit before tax	
	1.5% Increase $'000	1.5% Decrease $'000
31 December 2019		
Variable rate instruments		
Financial liabilities/cash flow sensitivity	(5)	5
31 December 2018		
Variable rate instruments		
Financial liabilities/cash flow sensitivity	(16)	16

The Company does not have significant exposure to market risk for changes in interest rates at the end of the financial year as it does not carry any variable interest-bearing financial liabilities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's and Company's major classes of financial assets are cash and cash equivalents and trade and other receivables.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount each of financial asset in the statements of financial position.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group limits its exposure to credit risk from trade receivables by adopting the policy of dealing only with customers of good credit history and obtaining sufficient security where appropriate to mitigate credit risk.

Credit exposure to an individual counterparty is restricted by credit limit that is approved by the responsible officer based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the responsible officer.

Exposure to credit risk

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region is as follows:

	Group	
	2019	2018
	$'000	$'000
By geographical area:		
Singapore	45	34
Asia Pacific (excluding Singapore)	460	604
United Kingdom	4,351	4,710
North America	3,660	3,347
Europe	717	285
Middle East	–	39
	9,233	9,019

The Group and Company do not have any significant credit exposures to any single counterparty or any group of counterparties having similar characteristics.

Non-trade amounts due from subsidiaries and related corporations

For non-trade amounts due from subsidiaries and related corporations, the management monitors and assess at each reporting date on any indicator of significant increase in credit risk on these balances. In the assessment for indicators, management took into account information that it has available internally about the subsidiaries' and related corporations' past, current and expected operating performance, and if the subsidiaries and related corporations had any default in external debts. Based on the assessment, the risk of default is minimal as these subsidiaries and related corporations have sufficient liquid assets to repay their debts and subject to immaterial credit loss. The maximum credit exposure, net of loss allowances on these balances are disclosed in Note 7 and Note 10.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $17,927,000 and $2,552,000 respectively as at 31 December 2019 (2018: $16,469,000 and $1,966,000 respectively). The cash and cash equivalents are held with banks, which are rated Aa3 to Aa1, based on Moody's ratings. The Group and the Company has significant credit risk exposure from bank balances held in two banks and one bank respectively, representing 98% (2018: 92%) of the Group's and 100% (2018: 100%) of the Company's cash and cash equivalents.

Expected credit loss on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of allowance on cash and cash equivalents was negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

To maintain liquidity, apart from relying on funds generated from its operations, the Group also maintains a continuing relationship with the bankers and other financial institutions for their continuing support and pursues options to raise additional working capital when the need arises.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
31 December 2019					
Financial liabilities					
Bank overdrafts	326	(343)	(343)	–	–
Lease liabilities	4,249	(4,596)	(779)	(2,308)	(1,509)
Trade and other payables*	8,439	(8,439)	(8,439)	–	–
	13,014	(13,378)	(9,561)	(2,308)	(1,509)
31 December 2018					
Financial liabilities					
Bank overdrafts	1,077	(1,133)	(1,133)	–	–
Finance lease	8	(8)	(6)	(2)	–
Trade and other payables*	9,073	(9,073)	(9,073)	–	–
	10,158	(10,214)	(10,212)	(2)	–

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000
Company				
31 December 2019				
Financial liabilities				
Trade and other payables	201	(201)	(201)	–
Lease liabilities	295	(324)	(90)	(234)
	496	(525)	(291)	(234)
31 December 2018				
Financial liabilities				
Trade and other payables	164	(164)	(164)	–

* VAT excluded.

Estimation of fair value

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting dates.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classification and fair values

The fair value of the financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Note	Amortised cost	Fair value
		$'000	$'000
Group			
31 December 2019			
Financial assets			
Trade and other receivables**	10	9,917	9,917
Cash and cash equivalents	11	17,927	17,927
		27,844	27,844
Financial liabilities			
Trade and other payables*	17	(8,439)	(8,439)
Bank overdrafts	14	(326)	(326)
Lease liabilities	15	(4,249)	(4,249)
		(13,014)	(13,014)
31 December 2018			
Financial assets			
Trade and other receivables**	10	9,759	9,759
Cash and cash equivalents	11	16,469	16,469
		26,228	26,228
Financial liabilities			
Trade and other payables*	17	(9,073)	(9,073)
Bank overdrafts	14	(1,077)	(1,077)
Finance lease	14	(8)	(8)
		(10,158)	(10,158)

* VAT excluded.

** GST excluded.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classification and fair values (Continued)

	Note	Amortised cost	Fair value
		$'000	$'000
Company			
31 December 2019			
Financial assets			
Trade and other receivables**	10	6,434	6,434
Cash and cash equivalents	11	2,552	2,552
		8,986	8,986
Financial liabilities			
Trade and other payables	17	(201)	(201)
Lease liabilities	15	(295)	(295)
		(496)	(496)
31 December 2018			
Financial assets			
Trade and other receivables	10	6,781	6,781
Cash and cash equivalents	11	1,966	1,966
		8,747	8,747
Financial liabilities			
Trade and other payables	17	(164)	(164)

** GST excluded.

27. RELATED PARTIES

Key management personnel compensation

Key management personnel of the Group and the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Directors of the Company, directors of subsidiaries and members of the management team are considered as key management of the Group.

The remuneration of key management personnel of the Group and the Company for the financial year are as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Salaries, fees and other short-term employee benefits	840	972	325	323
Termination benefits	–	461	–	–
Post-employment benefits	100	64	14	12
	940	1,497	339	335

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group entities entered into the following transactions with related parties at rates and terms agreed between the parties:

Other related party transactions

	Group	
	2019 $'000	2018 $'000
Administrative fee income from related corporations	1	248
Commission income from related corporations	48	65
License fee income from a related corporation	524	601
Management fee income from a related corporation	75	8
Purchase of inventories from related corporations	(21,088)	(29,685)
Recharge of expenses by immediate holding company	(12)	(14)
Recharge of expenses by related corporations	–	(79)
Rental income received from a related corporation	–	36
Sale of motors to related corporations	55	21

The related corporations refer to fellow subsidiaries outside the Group but under the ultimate holding company.

Outstanding balances as at 31 December 2019, arising from sale/purchase of goods and services, are set out in Notes 10 and 17 respectively.

28. OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker.

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

- Asia Pacific
- United Kingdom
- North America

Sales are based on the region in which the entity is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

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

28. OPERATING SEGMENTS (CONTINUED)

	United Kingdom $'000	North America $'000	Asia Pacific $'000	Corporate $'000	Total $'000
Group					
2019					
Total segment sales	20,966	24,686	3,364	–	49,016
Elimination of intersegment sales	(6)	(2,313)	–	–	(2,319)
Sales to external parties	20,960	22,373	3,364	–	46,697
Segment results	4,007	2,220	308	(645)	5,890
Interest income	40	–	–	–	40
Interest expense	(70)	(79)	–	(18)	(167)
Depreciation and amortisation	(459)	(249)	(3)	(83)	(794)
Write-down on inventories, net	(166)	(123)	(2)	–	(291)
Profit/(Loss) before income tax	3,352	1,769	303	(746)	4,678
Segment assets	27,034	18,271	2,143	2,899	50,347
Included in the segment asset:					
Addition of property, plant and equipment	111	359	–	6	476
Addition of intangible assets	–	–	–	26	26
Segment liabilities	7,974	6,636	489	485	15,584
2018					
Total segment sales	21,060	26,596	3,443	–	51,099
Elimination of intersegment sales	(13)	(3,440)	–	–	(3,453)
Sales to external parties	21,047	23,156	3,443	–	47,646
Segment results	3,105	2,191	318	(858)	4,756
Interest income	9	–	–	–	9
Interest expense	(5)	(81)	–	–	(86)
Depreciation	(31)	(111)	(3)	(18)	(163)
Net change in fair value of derivatives	4	–	–	–	4
Profit/(Loss) before income tax	3,082	1,999	315	(876)	4,520
Segment assets	20,992	17,883	2,356	2,104	43,335
Included in the segment asset:					
Addition of property, plant and equipment	15	70	–	7	92
Segment liabilities	3,724	7,149	878	157	11,908

28. OPERATING SEGMENTS (CONTINUED)

The distribution business is operated in the following countries:

	Group	
	2019 $'000	2018 $'000
Revenue		
Singapore	3,364	3,443
United Kingdom	20,960	21,047
United States	13,328	14,940
Canada	9,045	8,216
	46,697	47,646
Non-current assets (excluded deferred tax assets)		
Singapore	328	15
United Kingdom	3,367	116
United States	800	258
Canada	1,679	1,613
	6,174	2,002

29. RECLASSIFICATIONS AND COMPARATIVES

Certain reclassifications have been made to the prior year's consolidated statement of financial position to enhance comparability with current year's consolidated statement of financial position and also better reflect the nature of the transactions.

The items were reclassified as follows:

	Group	
STATEMENTS OF FINANCIAL POSITION	Previously reported 2018 $'000	After reclassification 2018 $'000
ASSETS		
Current assets:		
Trade and other receivables	9,286	9,762
Prepayments	889	413

30. EVENT SUBSEQUENT TO THE REPORTING DATE

On 31 January 2020, the World Health Organisation has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak will mainly affect the sales performance of the Group. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers and employees all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

LETTER TO SHAREHOLDERS

BROOK CROMPTON HOLDINGS LTD.
(the "Company")
(Incorporated in the Republic of Singapore)
(Company Registration No.: 194700172G)

Directors:
Mr Pang Xinyuan
Dr Knut Unger
Mr Chao Mun Leong

Registered Office:
19 Keppel Road
#08-01 Jit Poh Building
Singapore 089058

To: The Shareholders of Brook Crompton Holdings Ltd.

Dear Sir/Madam

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

1. BACKGROUND

We refer to (a) the Notice of the 72nd Annual General Meeting ("2020 AGM") of Brook Crompton Holdings Ltd. (the "Company") dated 8 June 2020 (the "Notice of AGM") accompanying the Annual Report of the Company for the financial year ended 31 December 2019 (the "2019 Annual Report") in relation to the convening of the 2020 AGM of the Company which is scheduled to be held on 23 June 2020, and (b) Ordinary Resolution 6 in relation to the renewal of the General Mandate under the heading "Special Business" set out in the Notice of the 2020 AGM.

2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE

2.1 The Existing General Mandate

At the General Meeting held on 25 April 2019 (the "AGM"), shareholders of the Company ("Shareholders") approved the renewal of the General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions falling within the categories of ATB Interested Person Transactions described in the Company's circular to Shareholders dated 29 November 2006.

2.2 Proposed Renewal of the General Mandate

The General Mandate was expressed to continue to be in force until the conclusion of the next Annual General Meeting of the Company, being the forthcoming 2020 AGM. Accordingly, the directors of the Company (the "Directors") propose that the General Mandate be renewed at the forthcoming 2020 AGM. The particulars of the interested person transactions in respect of which the General Mandate is sought to be renewed remained unchanged.

2.3 Details of the General Mandate

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

2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE (CONTINUED)

2.4 Confirmation of Audit Committee

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

(a) the methods or procedure for determining the transaction prices under the General Mandate have not changed subsequent to the 2020 AGM; and

(b) the methods or procedure referred to paragraph 2.4(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

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

(1) The percentage shareholding interest is based on the issued share capital of 35,458,818 shares as at the Latest Practicable Date.

(2) ATB Austria Antriebstechnik AG ("ATB") is deemed to be interested in the 23,439,519 ordinary shares held under the name of nominee – CGS-CIMB Securities (Singapore) Pte Ltd.

(3) Wolong Investments Gmbh (Wolong Investments) holds 100% shares in ATB and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Companies Act, Cap. 50. ("the Act").

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

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

(4) Wolong Holding Group Gmbh ("Wolong Holding") is the sole shareholder of Wolong Investments and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(5) Hongkong Wolong Holding Group Co Ltd ("Hongkong Wolong") is the sole shareholder of Wolong Holding and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(6) Wolong Electric Group Co Ltd ("Wolong Electric") is the sole shareholder of HongKong Wolong and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(7) Zhejiang Wolong Shunyu Investment Co. Ltd (" Zhejiang Wolong Shunyu") holds 32.49% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(8) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Zhejiang Wolong Shunyu and holds 12.88% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(9) Chen Jiancheng holds 48.93% equity interest in WHGCL and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(10) Chen Yanni holds 38.73% equity interest in WHGCL and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(11) Pang Xinyuan is spouse of Chen Yanni, and son-in-law of Chen Jiancheng, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 164(15) of the Act.

3.2 Abstention from voting

ATB, Wolong and their respective associates (as defined in the Listing Manual) will abstain from voting in respect of the Ordinary Resolution relating to the proposed renewal of the General Mandate at the forthcoming 2020 AGM.

Further, each of the persons mentioned in this paragraph 3.2 undertakes to decline to accept appointment to act as proxies for other Shareholders of the Company at the 2020 AGM or Ordinary Resolution 6 unless the Shareholder concerned shall have been given specific instructions as to the manner in which his votes are to be cast.

4. DIRECTORS' RECOMMENDATION

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

LETTER TO SHAREHOLDERS

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

6. ADVICE TO SHAREHOLDERS

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

7. SGX-ST

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

Yours faithfully

BROOK CROMPTON HOLDINGS LTD.
Chao Mun Leong

Singapore

THE APPENDIX

1. CHAPTER 9 OF THE LISTING MANUAL

1.1 Chapter 9 of the Listing Manual ("Chapter 9") governs transactions which a listed company or any of its subsidiaries or associated companies proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its minority shareholders.

1.2 For the purposes of Chapter 9:

(a) an "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9;

(b) an "associate" in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "associate" in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

(c) an "associated company" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(d) a "controlling shareholder" is a person who holds directly or indirectly 15% or more of all voting shares in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;

(e) an "entity at risk" means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed group that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;

(f) an "interested person" means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;

(g) an "interested person transaction" means a transaction between an entity at risk and an interested person; and

(h) a "transaction" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of products and services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business and whether or not entered into directly or indirectly.

1.3 Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, an immediate announcement is required where:

(a) the value of a proposed transaction is equal to or exceeds 3% of the listed group's latest audited consolidated net tangible assets ("NTA"); or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year is equal to or more than 3% of the listed group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year, and shareholders' approval (in addition to an immediate announcement) is required where:

(c) the value of a proposed transaction is equal to or exceeds 5% of the listed group's latest audited consolidated NTA; or

(d) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed group's latest audited consolidated NTA. The aggregate will exclude any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

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

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

2. RATIONALE FOR THE GENERAL MANDATE

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

(a) The ATB/Wolong Interested Persons are in a similar business as the Group and as such, there are opportunities for the Group to leverage on the products and services provided by the ATB/Wolong Interested Persons. In fact, one of the reasons stated by ATB for acquiring control of the Group was to acquire a significant stake in a complementary business with regard to product range and market presence. The General Mandate will allow the Group to take advantage of such opportunities, thereby increasing its revenue.

(b) Timely delivery is an essential element in the Group's business. If the Company were required to seek Shareholders' approval on each occasion it deals with the ATB/Wolong Interested Persons, it would make it unviable for the ATB/Wolong Interested Persons to transact with the Group.

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

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

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

THE APPENDIX

3. CLASSES OF ATB/WOLONG INTERESTED PERSONS

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

4. SCOPE OF THE GENERAL MANDATE

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

The materiality thresholds are:-

(a) 5% of the listed group's latest audited consolidated NTA; or

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

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

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

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

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

4.2 Types of Transactions under the Scope of the General Mandate

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

THE APPENDIX

(a) Trading of electric motors and components

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

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

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

(b) Production and sub-contracting services

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

(c) Storage and warehousing of electric motors and components

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

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

(d) Receipt of financial assistance

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

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

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

(e) Management support services

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

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

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

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

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

(a) Quotations will be obtained from the relevant ATB/Wolong Interested Person and at least two other similar unrelated third party providers to determine if the price and terms offered by such ATB/Wolong Interested Person are fair and reasonable. In determining if the price and terms offered by the relevant ATB/Wolong Interested Person are fair and reasonable, factors such as (but not limited to) quality, specification compliance, track record, experience and expertise, preferential rates, rebates or discounts accorded for bulk purchases may also be taken into account.

(b) Where it is not possible to obtain quotations from unrelated third parties and in order to determine whether the terms of the transaction with the relevant ATB/Wolong Interested Person are fair and reasonable, the designated approving party will assess whether the pricing and terms of the transaction is in accordance with the Group's usual business practices and pricing policy, the prevailing industry norms and whether they are consistent with the usual margins for the same or substantially similar types of transactions entered into with unrelated third parties. A written recommendation will be submitted to the designated approving parties by the relevant sales or purchasing personnel of the relevant Group Company.

(c) Threshold Limits

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

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

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

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

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

5.2 Storage and warehousing

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

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

5.3 Financial Assistance

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

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

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

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

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

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

(a) A register will be maintained by each company within the Group to record all ATB/Wolong Interested Person Transactions which are entered into pursuant to the General Mandate. The annual internal audit plan shall incorporate a review of all ATB/Wolong Interested Person Transactions entered into pursuant to the General Mandate.

(b) The person authorised to approve those transactions must not have a direct or indirect interest in the transactions. In instances where the authorised person has a direct or indirect interest in any ATB/Wolong Interested Person Transaction, he/she shall not take part in the approval process for such ATB/Wolong Interested Person Transactions. Such ATB/Wolong Interested Person Transactions shall be subject to the approval of such other non-interested persons who are authorised to approve transactions within that threshold limit or the next higher approving authority who has no direct or indirect interest in such transactions.

(c) On a quarterly basis, the Audit Committee will review all ATB/Wolong Interested Person Transactions.

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

(d) The Internal Auditor/management of the Company will periodically review the established guidelines and procedures for the ATB/Wolong Interested Person Transactions to ensure compliance. The results of these reviews will be reported to the Audit Committee.

(e) On the basis of these periodic reviews by the Internal Auditor/management and in the event the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that the ATB/Wolong Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the ATB/Wolong Interested Persons.

(f) The Audit Committee has the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Company as they deem appropriate.

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

6. DISCLOSURE IN ANNUAL REPORT

Disclosure has been made in the section on Interested Person Transactions in this Annual Report of the aggregate value of transactions in excess of S$100,000 conducted with Interested Persons (as described in paragraph 3 of the appendix to this letter) pursuant to the existing General Mandate during the financial year ended 31 December 2019 and disclosure shall be made in the Annual Reports for subsequent financial years that the General Mandate continues in force in accordance with the requirements of Chapter 9.

ANALYSIS OF SHAREHOLDINGS

As at 20 May 2020

BROOK CROMPTON HOLDINGS LTD.

ANALYSIS OF SHAREHOLDINGS AS AT 20 MAY 2020

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

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 20 MAY 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	803	18.23	49,178	0.14
100 - 1000	2,567	58.29	975,281	2.75
1,001 - 10,000	900	20.44	2,975,840	8.39
10,001 - 1,000,000	131	2.97	5,546,429	15.64
1,000,001 AND ABOVE	3	0.07	25,912,090	73.08
TOTAL	**4 ,404**	**100.00**	**35,458,818**	**100.00**

TWENTY LARGEST SHAREHOLDERS

(as shown in the Depository Register)

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	23,482,419	66.22
2	LIU WENYING	1,239,600	3.50
3	DBS NOMINEES PTE LTD	1,190,071	3.36
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	257,020	0.72
5	OCBC SECURITIES PRIVATE LTD	255,451	0.72
6	KOH BENG LING	234,736	0.66
7	PHILLIP SECURITIES PTE LTD	206,827	0.58
8	CHIN MIN KWONG	204,000	0.58
9	CITIBANK NOMINEES SINGAPORE PTE LTD	197,701	0.56
10	TEH CHIN HUAT	178,400	0.50
11	IYER ANJALI SUBRAMANIAN	176,175	0.50
12	LEE HANG SENG	158,000	0.45
13	GO MEI LIN	140,750	0.40
14	OCBC NOMINEES SINGAPORE PTE LTD	131,393	0.37
15	LOW BOON YONG	120,200	0.34
16	HO SIN CHAN	112,000	0.32
17	CHAN SEK KEONG	100,000	0.28
18	CHONG SOHHAR HAROLD	100,000	0.28
19	SIM LAI HEE	93,550	0.26
20	SEAH CHYE ANN (XIE CAI'AN)	89,100	0.25
	TOTAL	**28,667,393**	**80.85**

ANALYSIS OF SHAREHOLDINGS

As at 20 May 2020

Register of Substantial Shareholders as at 20 May 2020

Name	DIRECT INTERESTS		DEEMED INTERESTS	
	No. of Shares	%	No. of Shares	%
ATB Austria Antriebstechnik AG	-	0.00%	23,439,519[1]	66.10
Wolong Investments Gmbh	-	0.00%	23,439,519[2]	66.10
Wolong Holding Group Gmbh	-	0.00%	23,439,519[3]	66.10
Hongkong Wolong Holding Group Co Ltd	-	0.00%	23,439,519[4]	66.10
Wolong Electric Group Co Ltd	-	0.00%	23,439,519[5]	66.10
Zhejiang Wolong Shunyu Investment Co. Ltd	-	0.00%	23,439,519[6]	66.10
Wolong Holding Group Co Ltd	-	0.00%	23,439,519[7]	66.10
Chen Jiancheng	-	0.00%	23,439,519[8]	66.10
Chen Yanni	-	0.00%	23,439,519[9]	66.10
Pang Xinyuan	-	0.00%	23,439,519[10]	66.10

Note :

(1) ATB Austria Antriebstechnik AG's ("ATB") interest in the 23,439,519 shares were held under the name of nominees - CGS-CIMB Securities (Singapore) Pte Ltd.

(2) Wolong Investments Gmbh (Wolong Investments) holds 100% shares in ATB and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Companies Act, Cap. 50. ("the Act").

(3) Wolong Holding Group Gmbh ("Wolong Holding") is the sole shareholder of Wolong Investments and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act

(4) Hongkong Wolong Holding Group Co Ltd ("Hongkong Wolong") is the sole shareholder of Wolong Holding and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(5) Wolong Electric Group Co Ltd ("Wolong Electric") is the sole shareholder of HongKong Wolong and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(6) Zhejiang Wolong Shunyu Investment Co. Ltd ("Zhejiang Wolong Shunyu") holds 32.49% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(7) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Zhejiang Wolong Shunyu and holds 12.88% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(8) Chen Jiancheng holds 48.93% equity interest in WHGCL, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(9) Chen Yanni holds 38.73% equity interest in WHGCL, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(10) Pang Xinyuan is spouse of Chen Yanni and son-in-law of Chen Jiancheng, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 164(15) of the Act.

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF THE PUBLIC

Based on the information available to the Company as at 20 May 2020, 33.87% of the issued capital of the Company was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF
ANNUAL GENERAL MEETING

*This Notice has been made available on the SGXNET and the following URL: sg.conveneagm.com/brookcrompton. A printed copy of this Notice will **not** be despatched to members of the Company.*

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company ("**AGM**" or "**Meeting**") will be held by way of electronic means **(via Live Webcast and Audio means only)** on Tuesday, 23 June 2020 at 2.00 p.m. (Singapore Time), for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions as set out below:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and the Directors' Statement and Auditors' Report for the financial year ended 31 December 2019. **(Resolution 1)**

2. To declare a final tax exempt one-tier dividend of 2.0 Singapore cents per ordinary share for the financial year ended 31 December 2019. **(Resolution 2)**

3. To approve the payment of Directors' fees of up to S$100,000 for the financial year ending 31 December 2020 (31 December 2019: S$100,000). **(Resolution 3)**

4. To re-elect Mr Pang Xinyuan, retiring pursuant to Article 104 of the Company's Constitution. (see explanatory note (i)) **(Resolution 4)**

5. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolution with or without modifications:-

6. APPROVAL OF THE RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in the Appendix to the Company's letter to shareholders dated 08 June 2020 (the "Letter"), with any party who is of the Classes of Interested Persons described in the Appendix to the Letter, provided that such transactions are carried out in the ordinary course of business and on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix to the Letter (the "General Mandate");

(b) such General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the company to give effect to the General Mandate and/or this Resolution".
(see explanatory note (ii)) **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

Ang Siew Koon
Company Secretary

Singapore, 08 June 2020

Explanatory Notes:-

(i) Mr Pang Xinyuan will, upon re-election as Director of the Company, remain as the Non-Executive Non-Independent Chairman of the Board of Directors and a member of the Audit Committee, Remuneration Committee and Nominating Committee.

(ii) Resolution 6 is to renew effective up to the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by the Company in general meeting) the General Mandate to enable the Company, its subsidiaries and associated companies that are considered to be "entities at risk" to enter, in the ordinary course of business, into the types of mandated transactions with specific classes of the Company's interested persons. The General Mandate which was previously approved by shareholders at the Annual General Meeting of the Company held on 25 April 2019 will be expiring at the forthcoming Annual General Meeting. Particulars of the General Mandate and the Audit Committee's confirmation (pursuant to Rule 920(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited) in respect of the proposed renewal of the General Mandate, are contained in the Company's letter to shareholders dated 08 June 2020.

Books Closure Date and Payment Date for Final Dividend

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 21 July 2020 for the purpose of preparing the dividend warrants for the final dividend ("Dividend").

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 up to 5.00pm on 20 July 2020 (the "Record Date") will be registered to determine members' entitlements to the Dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00pm on the Record Date will be entitled to the Dividend.

The Dividend, if approved by the shareholders at the Annual General Meeting, will be paid on 30 July 2020.

Notes:

General

1. The Ministry of Health issued the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 (Regulations) on 7 April 2020, which put in place an elevated set of safe distancing measures as a circuit breaker to pre-empt increasing local transmission of COVID-19.

2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by electronic means and members of the Company will NOT be allowed to attend the AGM in person.

3. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:

   (a) watching the proceedings of the AGM via **Live Webcast** or listening to the proceedings of the AGM via **audio means** only. Shareholders who wish to participate as such will have to pre-register in the manner outlined in Note 4 below;
   (b) submitting questions ahead of the AGM. Please refer to Notes 7 to 9 below for further details; and
   (c) voting by proxy at the AGM. Please refer to Notes 10 to 17 below for further details.

NOTICE OF ANNUAL GENERAL MEETING

Participation in AGM proceedings via "live webcast" or "audio means only"

4. A member of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch via Live Webcast or listen via audio means only to the proceedings of the AGM via mobile phone, tablet or computer. In order to do so, the member must pre-register by 2.00 p.m. on 20 June 2020 ("**Registration Deadline**"), at the following URL: **sg.conveneagm.com/brookcrompton** (the "**BCHL AGM Website**"), to create an account.

5. Following authentication of his/her/its status as a member of the Company, such member will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

6. Members who have pre-registered by the Registration Deadline but do not receive the aforementioned email by 5.00 p.m. on 22 June 2020 should contact the Company at the following email address: **mgt@brookcromptonholdings.com**, with the following details included: (1) the member's full name; and (2) his/her/its identification/registration number.

Submission of questions prior to the AGM

7. A member of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM. The Company will endeavour to address questions which are substantial and relevant prior to the AGM via SGXNET on 22 June 2020. Thereafter the minutes of the AGM shall be published on SGXNET within one (1) month after the conclusion of the AGM.

8. To do so, all questions must be submitted no later than the Registration Deadline through either one of the following means:

   (a) via the BCHL AGM Website; or
   (b) in physical copy by depositing the same at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058.

9. If the questions are deposited in physical copy at the Company's registered office and not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

Voting by proxy

10. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**"), failing which the appointment will be treated as invalid.

11. The Chairman of the Meeting, as proxy, need not be a member of the Company.

12. The Proxy Form must be submitted through any one of the following means:

   (a) via the BCHL AGM Website in the electronic format accessible on the BCHL AGM Website; or
   (b) by depositing a physical copy at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058; or
   (c) by sending a scanned PDF copy by email to **mgt@brookcromptonholdings.com**,

   in each case, no later than 2.00 p.m. on 21 June 2020, and failing which, the Proxy Form will not be treated as valid.

13. In the case of submission of the Proxy Form other than via the BCHL AGM Website, the Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

14. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act (Chapter 50 of Singapore) and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

15. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form.

NOTICE OF ANNUAL GENERAL MEETING

16. In the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

17. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Approved Bank) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act, Chapter 19 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
(b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act, Chapter 289 and who holds shares in that capacity; or
(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company consents to the collection, use and disclosure of such member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration, analysis and facilitation by the Company (or its agents or service providers) of his/her/its participation in the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Pang Xinyuan is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 23 June 2020 ("**AGM**") (a "**Retiring Director**").

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

	MR PANG XINYUAN
Date of Appointment	10 November 2016
Date of last re-appointment	27 April 2017
Age	41
Country of principal residence	People's Republic of China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors (the "Board") of the Company concurs with the opinion of the Nominating Committee ("**NC**") having considered the attendance, preparedness, participation and candour, amongst other criteria, on the suitablility of Mr Pang Xinyuan for re-appointment as Non-Independent Non-Executive Director of the Company. The Board concluded that Mr Pang Xinyuan possesses the experience, expertise, knowledge and skills to contribute positively to the Board and the Group.
Whether appointment is executive, and if so, the area of responsibility	Non-Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Director, Chairman of the Board and a member of the Audit Committee, Nominating Committee and Remuneration Committee.
Professional qualifications	1. Bachelor degree - Shanghai Jiao Tong University 2. Masters in Advertising and Marketing - Leeds University
Working experience and occupation(s) during the past 10 years	1. CEO - Wolong Electric Group Co., Ltd. 2016 Jan - present 2. Board Director, Vice President - Wolong Holding Group Co.,Ltd. April 2013 - Jan 2016 3. Sales Manager, China - Vishay Intertechnology Asia Pte. Ltd. Dec 2010 - Mar 2013
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest: 23,439,519 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	1. Spouse of Chen Yanni, a substantial shareholder who is deemed interested in the shares held by Wolong Holding Group Co Ltd 2. Son-in-law of Chen Jiancheng, a substantial shareholder who is deemed interested in the shares held by Wolong Holding Group Co Ltd
Conflict of Interest (including any competing business)	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PANG XINYUAN
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	 1. Wolong Electric Group Co., Ltd 2. Wolong Electric Group Zhejiang Dengta Power Source Co., Ltd 3. Wolong Electric Group Hangzhou Research Institute Co., Ltd 4. Zhejiang Wolong International Trade Co., Ltd 5. Shanghai Wolong International Business Co., Ltd 6. Wolong Electric Zhangqiu Haier Motor Co., Ltd 7. Zhejiang Wolong SIR Robot Co., Ltd 8. Wolong Electric Nanyang Explosion Protection Group Co. Ltd 9. Shaoxing Shangyu Wolong New Energy Investment Co., Ltd 10. Zhejiang Wolong Servo Technology Co., Ltd 11. ATB Austria Antriebstechnik AG 12. ATB motors (Wuhan) Co., Ltd 13. ATB motors (Shaoxing) Co., Ltd 14. Zhejiang Wolong Dajun New Power Motor Co., Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		MR PANG XINYUAN
c)	Whether there is any unsatisfied judgment against him?	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PANG XINYUAN
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or vi. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

BROOK CROMPTON HOLDINGS LTD.
(Company Registration No. 194700172G)
(Incorporated in the Republic of Singapore)

IMPORTANT

1. Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the AGM are set out in the Company's announcement dated 08 June 2020 which, together with the Notice of Annual General Meeting dated 08 June 2020, have been uploaded on SGXNET on the same day. The Notice and Proxy Form of Annual General Meeting can also be accessed at the following URL **sg.conveneagm.com/brookcrompton and SGXNET**. *A printed copy of this Proxy Form will **not** be despatched to members of the Company.*

2. A member will not be able to attend the AGM in person. Please see Notes 2 to 8 below for further details.

3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

*I/We _____ (Name) NRIC/Passport No. _____

of _____ (Address)

being * a member/members of Brook Crompton Holdings Ltd. (the "Company"), hereby appoint the Chairman of the meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company to be held by electronic means (via live webcast and audio means only) on Tuesday, 23 June 2020 at 2.00pm (Singapore time) and at any adjournment thereof.

The proxy shall vote on the Resolutions set out in the Notice of Annual General Meeting dated 08 June 2020 in accordance with my/our directions indicated hereunder.

No.	Ordinary Resolutions	For**	Against**	Abstain**
1.	To receive and adopt the Audited Financial Statements and the Directors' Statement and Auditors' Report for the financial year ended 31 December 2019.			
2.	To approve the final tax exempt one-tier dividend of 2.0 Singapore cents per ordinary share for the financial year ended 31 December 2019.			
3.	To approve the payment of Directors' fees of up to S$100,000 for the financial year ending 31 December 2020			
4.	To re-elect Mr Pang Xinyuan as a Director.			
5.	To re-appoint Messrs BDO LLP as Auditors.			
6.	To approve the renewal of the General Mandate for interested person transactions.			

Notes:

* Delete accordingly

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick "X" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "X" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this _____ day of _____ 2020

_____

Signature of member(s)
or, Common Seal of Corporate Shareholder

IMPORTANT. Please read notes overleaf

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

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by electronic means and members of the Company will NOT be allowed to attend the AGM in person.

3. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. This Proxy Form must be submitted through any one of the following means:
   (a) via the following URL: **sg.conveneagm.com/brookcrompton** (the "**BCHL AGM Website**") in the electronic format accessible on the BCHL AGM Website; or
   (b) by depositing a physical copy at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058; or
   (c) by sending a scanned PDF copy by email to **mgt@brookcromptonholdings.com**,

   in each case, no later than 2.00 p.m. on 21 June 2020, and failing which, this Proxy Form will not be treated as valid.

6. In the case of submission of this Proxy Form other than via the BCHL AGM Website, this Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.

Affix Stamp

The Company Secretary
BROOK CROMPTON HOLDINGS LTD.
19 Keppel Road
#08-01 Jit Poh Building
Singapore 089058

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

8. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Approved Bank) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act, Chapter 19 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
(b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act, Chapter 289 and who holds shares in that capacity; or
(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form. In addition, in the case of a member of the Company whose shares are entered in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this Proxy Form appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 08 June 2020.

BROOK
CROMPTON
a WOLONG *company*

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

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