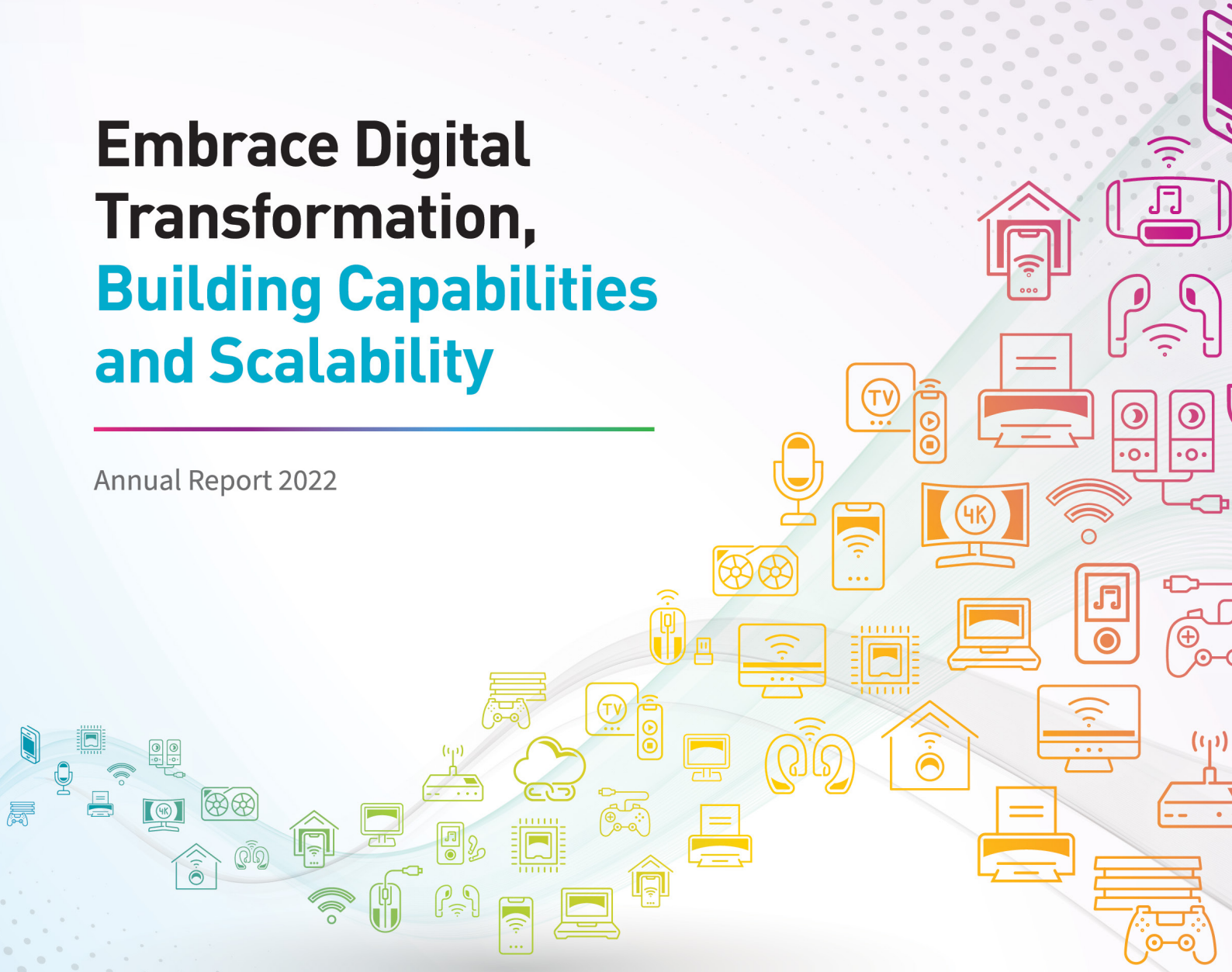
Ban Leong
Technologies Limited

# Embrace Digital Transformation, Building Capabilities and Scalability

Annual Report 2022



# CONTENTS


**STRATEGIC REPORT**

Company Profile 01

What We Do 03

Chairman's Message 05

Corporate Structure 07

Financial Highlights 08

Board of Directors 09

Key Management 11

Brand Listings 12

Community Events 13

**SUSTAINABILITY REPORT**

Sustainability Report 14

**FINANCIAL CONTENTS**

Financial Contents 33


## VISION

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

## MISSION

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

To grow and nurture our people.

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

## CORE VALUES

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

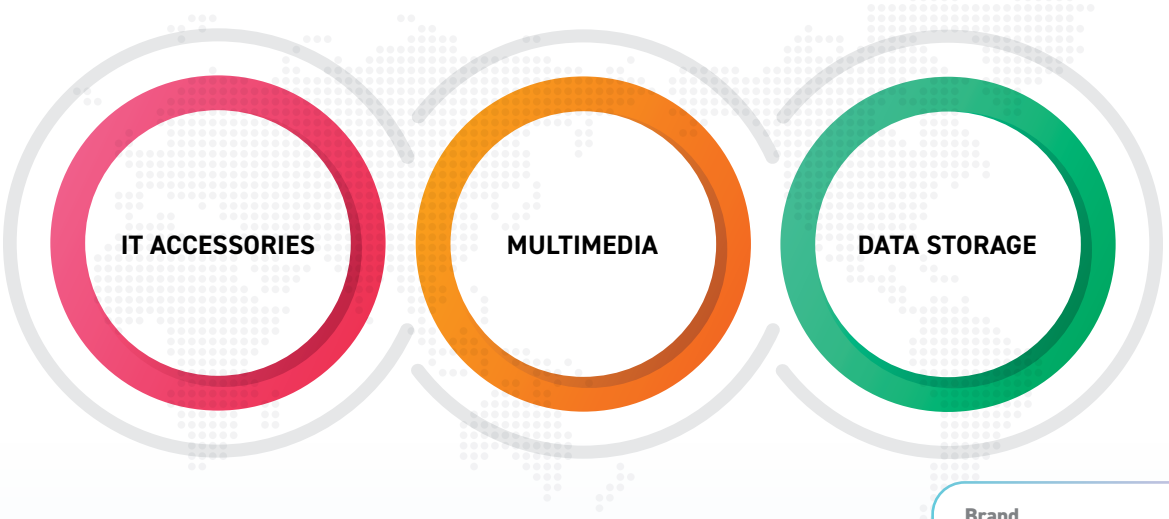
# COMPANY PROFILE

Ban Leong is a brand name in the technology products distribution industry for 29 years. From a traditional IT products distributor, Ban Leong Technologies Limited has successfully transformed into a new generation technology-driven specialist distributor under the leadership of our Managing Director, Ronald Teng, who spearheaded the transformation since it was incorporated in 1993.

Leveraging on our 29-year brand history, we successfully re-positioned and strengthened our brand as a name synonymous with innovative, fashionable and user-focused tech-savvy products through regular marketing activities.

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

## Diverse Product Range




## PRODUCT FEATURE

Brand

tp-link

Model

**DECO X90 MESH ROUTER**

### *Tri-Band WiFi 6 System*

TP-Link's flagship Wi-Fi 6 mesh system, Deco X90, is armed with the latest technology — such as Wi-Fi 6, AI-Driven Mesh, and premium hardware. The tri-band mesh system provides superb wireless performance and the ultimate online experience.

Featuring tri-band support with quad-stream radios for all three Wi-Fi bands. It supports 1024-QAM and 160 MHz, boosting the overall wireless speeds up to an incredible 6,600 Mbps. With one 2.5 Gbps port and a gigabit port, Deco X90 delivers ultra-fast wired internet access.

Deco X90 is tested to connect up to 200 devices without dragging down performance. Taking a giant leap forward in wireless connectivity, Wi-Fi 6 Decos bring stable and lag-free Wi-Fi connections to tomorrow's hyper-connected homes. Families can now enjoy immersive live streaming, better gaming speeds, and instantaneous video loading on different devices — all at the same time.

# COMPANY PROFILE

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

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

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

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

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

## Distribution Channels

## PRODUCT FEATURE

Brand

ECOVACS

Model

**DEEBOT X1 OMNI**

### *Tomorrow's Robots, Today*

The DEEBOT X1 OMNI is the first robotic vacuum cleaner to manage the entire floor cleaning process.

Beyond sweeping, vacuuming, and mopping, the new models also wash and dry the mopping pads and collect more dust using the new base station, making it the first all-round robotic vacuum cleaner that genuinely frees users from housekeeping chores.

The DEEBOT X1 Family, which includes DEEBOT X1 OMNI and DEEBOT X1 TURBO along with the industry's first all-in-one base station OMNI Station, combines function and design which fits perfectly in any home.

# WHAT WE DO

## IT DISTRIBUTION

With close to 3 decades in the IT distribution business - we curate, procure and distribute a wide range of tech products across the region.

Business-to-Consumer: Our B2C team covers customers across IT retail channels, e-commerce platforms and direct end-users. With the expansion of our product portfolio, we have also penetrated Mobile and Consumer Electronics divisions in the retail market

Business-to-Business: We service over 1,350 System Integrators with coverage across government, hospitality, education and telco sectors amongst others.

## PRODUCT MARKETING

Going beyond traditional distribution models of "box-moving" services, our marketing and product teams are key drivers in delivering vendor objectives and managing brand portfolios in country.

With a focus on demand generation, we actively seek opportunities in brand building and in-country marketing. Covering multi-channel approach in events, public relations, channel marketing, digital marketing and social media.

**PRODUCT FEATURE**

Brand

cricut

Model

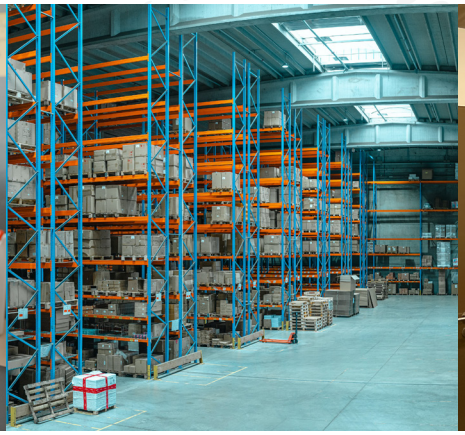
**MAKER 3**

### *The Ultimate Cutting Machine*

Cricut Maker 3 is a powerful and versatile machine with the ultimate in cutting performance and versatility. This machine lets you create with more than 300 materials, from the most delicate paper and fabric to tougher materials like leather and balsa wood, all with incredible precision.

Cricut Maker 3 features the Adaptive Tool System™ — the only system that intelligently controls the direction of your blade and cut pressure to match the material, and supports the widest range of tools for cutting, scoring, writing, and adding decorative effect, allowing impressive precision when making a variety of projects.

# WHAT WE DO



## E-COMMERCE ENABLEMENT

As a complete end-to-end distribution partner, we are a multi-awarded enablement partner on key e-commerce platforms. We actively manage official brand stores and assist brands with the expansion of their online businesses and logistics operations.

From product listing and campaign management to order processing and fulfilment, we partner with our vendors to optimize their digital channels to maximize online visibility and drive conversions.

## LOGISTICS

With an integrated inventory management system as well as warehouse storage facilities and our fleet of delivery vehicles, we provide end-to-end logistic solutions for our vendors and customers.

Our shipping department also manages inbound and outbound shipments from our network of vendors around the world.

## TECH SUPPORT

Leveraging on our expertise and knowledge on IT products, we offer after sales services in terms of repairs and replacement according to warranties offered by manufacturers.

Our technical support team operates hotlines and walk-in service centers at our office locations regionally to fulfil product support queries.

**PRODUCT FEATURE**

Brand

RAZER

Model

**HUNTSMAN V2**

## *No Frills. All Performance*

If all-out advantage is more your speed, arm yourself with responsiveness that's second to none. Meet the Razer Huntsman V2 — an optical gaming keyboard with near-zero input latency and fully geared out with other high-end features to make it the complete package.

Since its launch, the Huntsman family of keyboards has grown in popularity to become the best-selling gaming keyboard in the U.S. setting new standards for innovative, high-speed, gaming-grade keyboards. The new Huntsman V2 range is set to continue that legacy with a range of upgrades and refinements focused on the fundamentals of a great gaming keyboard; performance, feel, and acoustics.

# CHAIRMAN'S MESSAGE

> Profits before taxation grew in tandem with the revenue growth, from S$3.6million in FY2020, to S$8.7million in FY2021, and to S$11.2million in this FY2022. Our cash position remained healthy and as at 31 March 2022, we have $19.9million in cash and cash equivalents.

## Dear Shareholders,

I am pleased to present the Annual Report for the financial year ended 31 Mar 2022. The period from 1 April 2021 to 31 March 2022 saw many changes arising from the Covid situation in Singapore as well as in the region. From opening up in the markets, followed by restrictions in activities and the recent opening up in the travel sector. Businesses had to adapt to the changes rapidly and currently, most businesses are having the employees returning to the workplace in a safe and controlled manner. The Group and Company have adapted well to these changes.

I am most pleased to inform shareholders that the Group had made a record profit before tax of S$11.2million, an increase of 28.7% year on year on the back of an increase in revenue to S$225.6million.

Over the past few months, we have seen the businesses having to deal with logistics issues, inflation and at the same time, supply chain disruptions as supplies from factories around the region are affected due to shortage in chips and other tech parts and components. We still see a healthy demand of the tech-savvy products and the newer range of products that we are introducing to the markets where we have a direct presence. This demand will support future results that we had achieved in the past 2 financial years. We have to remain mindful of the everchanging business landscape with many uncertainties.

Over the past few years, we have gradually introduced additional product range and we have seen positive contributions from this initiative. Some of the products include household electronic appliances and automated tech products that appeal to the tech-savvy younger generation of users. Demand for gaming products remained strong and we expect this trend to continue. However, with increasing costs due to price increase by suppliers, additional logistics costs and inflation, the margins on the products that we carry will always remain a challenge that we need to address.

The Covid situation and change in working habits due to restrictions and other regulatory requirements have spurred demand for IT products. Over the past 3 financial years, we have seen our revenue increased from S$150.2million in FY2020 to S$182.7million in FY2021, and to S$225.6million in FY2022(current FY). Profits before taxation grew in tandem with the revenue growth, from S$3.6million in FY2020, to S$8.7million in FY2021, and to S$11.2million in this FY2022. Our cash position remained healthy and as at 31 March 2022, we have $19.9million in cash and cash equivalents.

All operations recorded higher revenue and profits. Operations in Singapore achieved a revenue increase of 23.0%. Malaysia operations also recorded an increase in revenue of 29.6% and in operations in Thailand recorded an increase of 15.0%. Prudent management of our inventories and cashflow remained as our priorities.

With the increase in profits, and a healthy cashflow, the board is recommending a much higher dividend payout of 3.0cents per share for shareholders' approval. This is in addition to the half year interim dividend payout of 1.25cents per share. The full year payout will be 4.25cents per share and this represents the highest dividend payout since our listing on SGX.

# CHAIRMAN'S MESSAGE

During the financial year, there have been developments in sustainability and responsible recycling of the electronic products that we distribute. New regulations were introduced to support Singapore's recycling efforts with both short and long term targets to be achieved. Used electrical and electronic products should be recycled responsibly and the corporates, including the importer, our brand principals, the distributors, retailers, and consumers all have a role to fulfil. We have worked closely with the relevant government agencies, our principals to ensure that our business activities will play a positive part in the nation's recycling efforts. While these efforts will also incur additional costs to our operations, we remained committed to ensuring that we have a positive impact and fulfil our social and corporate responsibility.

As we envisioned ourselves to lead in the tech-savvy products, staff and human resources are important and critical to allow us to stay competitive. The labour market is expected to remain tight and staff retention is crucial for our company, providing continuity for both our suppliers and customers. Regular staff trainings, encouraging our staff to continuously upgrade their skills, supporting and providing the resources for our staff welfare have facilitated them to foster positive relationship with our suppliers and customers. Suppliers regularly visit our premises to provide product training for our staff and this gives us an added competitive advantage in our sales efforts for the products that we represent. Service standards are set and we provide maintenance and warranty services to some of the products that we represent, and ensure maximum customer user satisfaction.

With the changes in work regulations, we have seen an increase in business activities via online purchases since FY2020. There are more deliveries made through such purchases. However, with the opening up of the retail scene, and increasing logistics costs in delivery, we will monitor the online sales momentum and make changes that best serve our customers and end users.

We have done well for this financial year. We hope to continue the momentum into FY2023 despite the various uncertainties that all businesses are facing. We will explore potential opportunities in the markets in South East Asia, Hong Kong and China.

## DIVIDENDS

Shareholders have been supportive and in appreciation of their continuous support to the company, I am pleased that we have recommended a final dividend payout of 3.0cents per share for this FY2022, and this is in addition to the interim dividend of 1.25cents paid out after our HY2022 results announcement. The total dividend payout of 4.25cents will represent a yield of 9.3% based on the share price of 45.5cents.

On a cumulative basis since the listing of the company in 2005, the company would have paid out total dividends of 25.45cents, reflecting our views of sharing our success with our shareholders and stakeholders.

## CORPORATE SOCIAL RESPONSIBILITY

FY2022 has continued with restrictions in gatherings and group activities. In this aspect, we have made contributions in different ways in our ongoing commitments to contribute back to our local communities. Adjustments were made to ensure that activities conducted are in line with the government guidelines to ensure the well-being of the beneficiaries and our volunteers.

Please refer to our community section on this in page 13.

## APPRECIATION

FY2022 has delivered better results and achieved a new benchmark for the company. I would like to take this opportunity to thank all our stakeholders in your unwavering support to Ban Leong Group.

To our bankers, our principals and suppliers, our customers whom have supported us, Many Thanks!

Of course, thank you to the Ban Leong Team!

# CORPORATE STRUCTURE

**Ban Leong Technologies Limited**

- BAN LEONG TECHNOLOGIES SDN BHD — 100%
- 100% — DIGITAL HUB PTE LTD
- BAN LEONG CHIN INTER CO., LTD — 60%
- 100% — AV LABS INTERNATIONAL PTE LTD
- BLC (CHINA) LIMITED — 100%

## PRODUCT FEATURE

Brand

msi

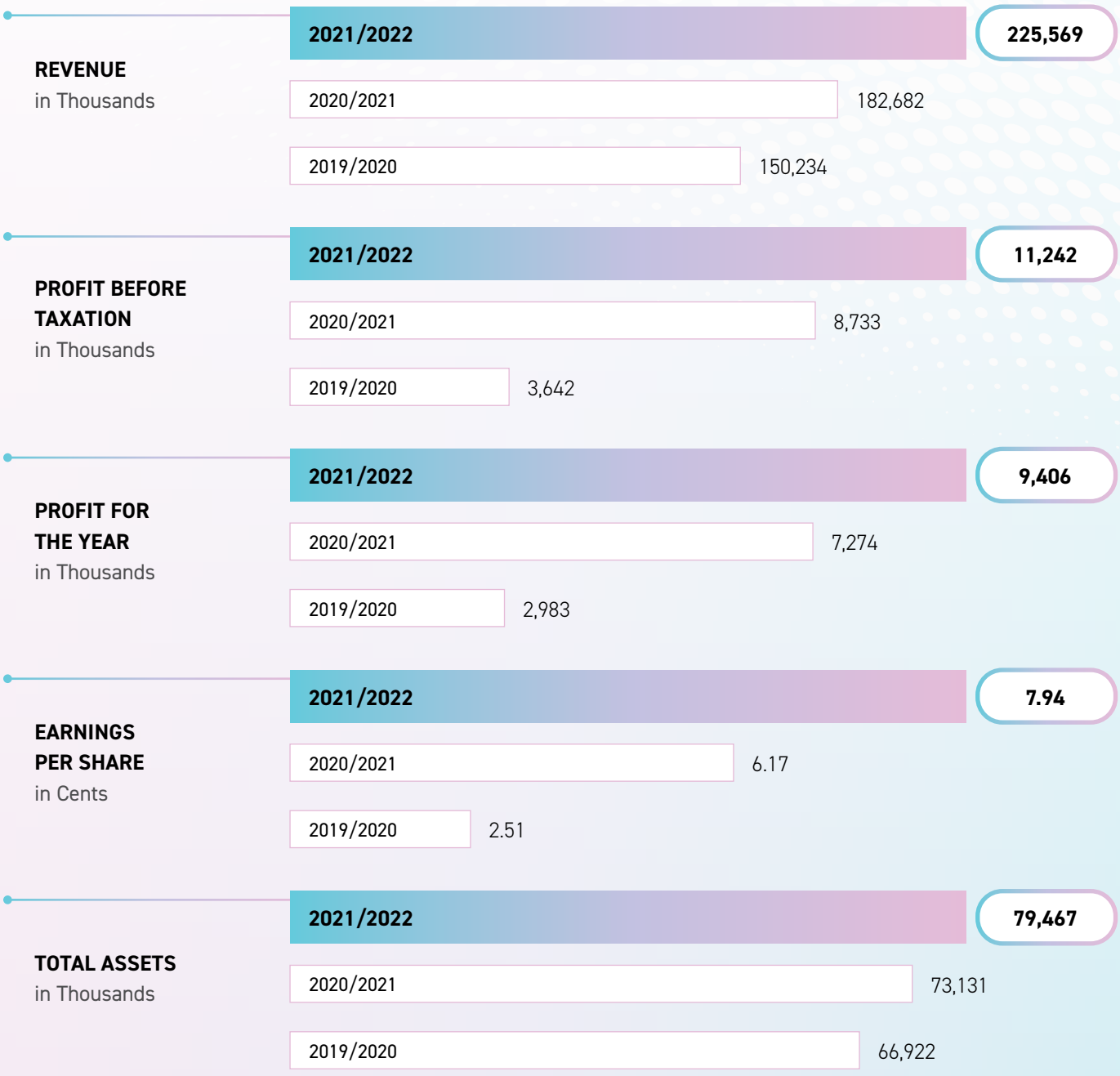
Model

**RAIDER GE76**

### *Light 'Em Up*

The Raider GE series represents the speed of light and MSI's continuous evolution to lead gamers to explore the unknown universe! The new Raider GE series comes with up to Intel's 12th Gen. Core i9 processor and NVIDIA GeForce RTX 3080 Ti graphics, which provide overkill power to deliver the most powerful performance. Raider GE series is also "Meta-Ready" for you to experience Metaverse perfectly.

# FINANCIAL HIGHLIGHTS




| RESULT OF OPERATION IN THOUSANDS | 2019/2020 | 2020/2021 | 2021/2022 |
|---|---|---|---|
| Revenue | 150,234 | 182,682 | **225,569** |
| Profit Before Taxation | 3,642 | 8,733 | **11,242** |
| Profit for the Year | 2,983 | 7,274 | **9,406** |
| Earnings Per Share (Cents) | 2.51 | 6.17 | **7.94** |
| Net Assets | 33,881 | 39,430 | **43,651** |
| Total Assets | 66,922 | 73,131 | **79,467** |

# BOARD OF DIRECTORS

**RONALD TENG WOO BOON**
Managing Director

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

**LOH YIH**
Lead Independent Director

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

# BOARD OF DIRECTORS

### NEO GIM KIONG
Independent Director

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

### LO YEW SENG
Independent Director

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

Brand
poly

PRODUCT FEATURE

Model
E70

*Smart Camera for Large Meeting Rooms*

The lineup of Poly Studio video conferencing gear brings broadcast-quality video to every meeting, regardless of the participants location, so you can be seen brilliantly and hear clearly.

The Poly Studio E70 is a first-of-its-kind intelligent camera that super-charges meeting rooms with mind-blowing video quality, state-of-the-art audio features, and next-level analytics. Dual lenses with 20-megapixel 4K sensors are boosted by Poly DirectorAI technology to create a completely unrivaled video experience – perfect for hybrid working environments.

# KEY MANAGEMENT

**TAN YOU HONG**
Deputy Managing Director

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

**KHOO SOO FANG**
Group Financial Controller

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

**PRODUCT FEATURE**

Brand

logitech

Model

**LIFT VERTICAL ERGONOMIC MOUSE**

## *Lift Yourself Up*

Lift is the latest addition to Logitech's Ergo Series and upholds the company's human-centered and science-driven approach to product design and experiences. Lift Vertical Ergonomic Mouse was carefully crafted with several rounds of user testing involving Logitech's Ergo Lab - and with a stamp of approval from leading ergonomic institutions.

This unique mouse packs a world of benefits and cutting-edge productivity features into a compact design to deliver outstanding comfort at the desk. Lift's soft rubber grip and cozy thumb rest keep smaller hands comfy for hours at a time. Its 57-degree vertical design gives right- and left-handed users a relaxing grip and takes pressure off the wrist while promoting a more natural forearm posture throughout the day. The silent magnetic SmartWheel offers both speed and precision for accurate lineby-line edits or quickly scrolling through long documents. Wirelessly connect Lift in an instant to Windows, macOS, Linux, Chrome OS, iPadOS and Android operating systems via Bluetooth®Low Energy or the secure Logi Bolt USB Receiver. With Logitech Flow, maintain all-day focus and effortlessly manage workflow across up to 3 multi-OS devices.

# BRAND LISTING

ASUS IN SEARCH OF INCREDIBLE · ASUSPRO · AVITA · AVLABS · BANG & OLUFSEN

belkin · beyerdynamic · COOLER MASTER · cricut · D-Link · DELL

ECOVACS · EDIFIER · GIGABYTE · GJS ROBOT · hotway

IMOU · iWALK · j5create · JLAB AUDIO · KEF

LEADTEK · LG · LINKSYS · Jisscode · logitech

logitech G · MASTER & DYNAMIC · MERCUSYS · msi · next level RACING

NVIDIA · PLT · poly · PowerColor · RAZER

SAMSUNG · ScreenBeam wireless display · SENSIBO · Targus · Tenda

Thermaltake · THRUSTMASTER · tp-link · ULTIMATE EARS · withings

Brand

KEF

## PRODUCT FEATURE

Model

**LS60 WIRELESS**

### *The Future Wireless HiFi*

Over 60 years KEF has worked tirelessly to hone their craft and revolutionise the landscape of audio speakers. To mark this momentous milestone KEF has combined all their key technologies to deliver superlative acoustic performance in a distinctive, stylish and modern floorstanding speaker.

The LS60 Wireless is as powerful as it is attractive and its slim design makes room placement adaptable for everyone. The LS60 Wireless produces an impressively powerful, rich and full-bodied sound that evenly fills any space with high-fidelity audio.

# COMMUNITY EVENTS

2021-2022

## FOOD FROM THE HEART 2021

Our ongoing effort to do our part for those in need, we volunteered with Food From the Heart, a non-profit organisation that feeds the needy through its food distribution programme to organise and deliver food and groceries to their beneficiaries in Singapore.

It is an honour and a joy to be a part of this long-term initiative and we always end each day inspired to do more to give back to the community.

2021

## 1000 ENTERPRISES FOR CHILDREN-IN-NEED

We believe that supporting our communities is an important cause which cannot be overlooked whilst we conduct our business.

Together with the Children's Society and 1000 Enterprises for Children-In-Need, we are humbled to be a part of 1000 business enterprises to come together to achieve a net contribution of $1million annually for charity.

DEC 2021

## FOOD FROM THE HEART FUND-RAISING

In the spirit of giving and sharing, we hosted a charity auction and fund raiser for Food From the Heart.

Staff were encouraged to bring in pre-loved and new items for a flea market sale and all proceeds will go to charity with a Dollar-To-Dollar matching contribution from Ban Leong Technologies.

We were pleased to be able to do our part in raising funds and also reinforcing our commitment in sustainability with the flea market sales for unwanted items.

2021

## SINGAPORE OLYMPIC FOUNDATION

Believing in supporting our athletes and the future of sports in Singapore, we are pleased to be able to do what we can for the development for water polo in Singapore.

Administered by the Singapore Olympic Foundation, we contributed S$10,000 towards the fund to support aspiring water polo athletes through bursaries, scholarships and programmes

# SUSTAINABILITY REPORT

## 1. BOARD STATEMENT

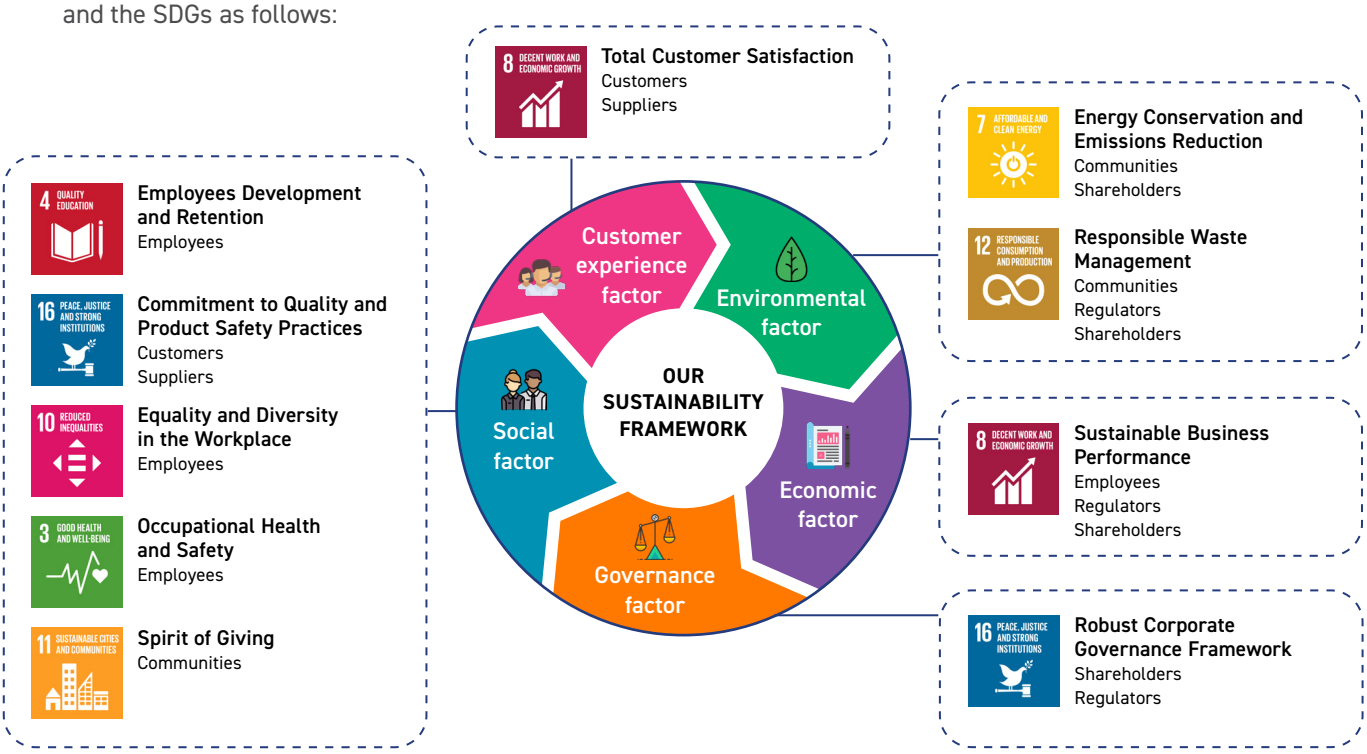
As a technology-related company, it is our belief that technology can improve our daily life and provide better efficiencies in the things we do. At the same time, these efficiencies should translate to better use of the resources around us and help us in our sustainability journey. We strive to be a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

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"), economic performance and customer experience (collectively as "Sustainability Factors").

The Board of Directors (the "Board") considers Sustainability Factors as part of its strategic formulation, determines and oversees the management and monitoring of the material Sustainability Factors. Our sustainability strategy focuses on growth, governance, environment, the development of our people and well-being of our communities. This will continue to guide our people, policies and processes to ensure that we meet the long-term interests of our stakeholders and sustain the performance of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively as the "Group").

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

Our sustainability framework communicates our commitment towards supporting the United Nations' Sustainable Development Goals ("SDGs" or "Global Goals") and is supported by our key stakeholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our material Sustainability Factors and the SDGs as follows:



# SUSTAINABILITY REPORT

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

| SUSTAINABILITY FACTOR | PERFORMANCE INDICATOR | SUSTAINABILITY PERFORMANCE | |
|---|---|---|---|
| | | FY2022 | FY2021 |
| **Customer experience** | Percentage of online stores with positive feedback ratings in excess of 80% | **100%** | 97%[1] |
| **Economic** | Tax to governments | **S$1.84 million** | S$1.46 million |
| | Employee benefits expense paid to employees | **S$11.12 million** | S$9.85 million |
| | Dividends paid to shareholders | **S$4.27 million** | S$1.42 million |
| | Reinvestment via retained earnings | **S$4.76 million** | S$5.60 million |
| **Environmental** | Total GHG emissions (tonnes $CO_2e$) | **355** | 378 |
| | GHG emissions intensity (tonnes $CO_2e$/ revenue S$'000) | **0.0016** | 0.0021 |
| | Percentage of electronic waste handled by licensed waste collectors | **100%** | 100% |
| **Social** | Turnover rate | **31%** | 24% |
| | Number of reported incidents of substandard products resulting in electrical accidents | **–** | – |
| | Number of reported incidents of unlawful discrimination[2] against employees | **–** | – |
| | Number of fatalities | **–** | – |
| | Number of high-consequence work-related injuries[3] | **–** | – |
| | Number of recordable work-related injuries | **–** | – |
| | Number of recordable work-related ill health cases | **–** | – |
| **Governance** | Number of incidents of serious offence[4] complaint received via whistle blowing channel | **–** | – |

We saw many changes arising from the Coronavirus disease 2019 ("COVID-19" situation or "Pandemic") in Singapore as well as in the region. Businesses had to adapt to the changes rapidly and currently, most businesses are having the employees returning to the workplace in a safe and controlled manner and the Group have also adapted well to these changes. Although the COVID-19 situation and change in working habits due to restrictions and other regulatory requirements have spurred demand for IT products, we will continue to remain mindful of the everchanging business landscape with many uncertainties.

1 Figure has been restated as a correction.

2 Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to the Company.

3 High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.

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

# SUSTAINABILITY REPORT

## 2. OUR KEY BUSINESS

We are principally involved in the IT product distribution business.

**OUR SUPPLIERS**
Principal supplier for IT accessories, multimedia and data storage products ("Tech Products")

**OUR OPERATIONS**
Curate, procure and distribute a wide range of Tech Products across the region

**OUR CUSTOMERS**
Business-to-consumer:
- IT retail channels
- E-commerce platforms
- Direct end-users

Business-to-business:
Service System Integrators with coverage across Government, Hospitality, Education and Telco sectors amongst others

## 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 711A and 711B. We have chosen to report using GRI Standards: Core option as it is an internationally recognised reporting framework.

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

While we have not sought external assurance for this Report, we relied on internal data monitoring and verification to ensure its accuracy. We will work towards external assurance for our future sustainability reports.

## 4. REPORTING PERIOD AND SCOPE

This Report is applicable for our financial year from 1 April 2021 to 31 March 2022 ("FY2022" or "Reporting Period"). A Report will be published annually in accordance with our SR Policy.

This Report covers the key operating entities within the Group which contributed to all of our total revenue for the Reporting Period (FY2021: 100%).

## 5. FEEDBACK

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

# SUSTAINABILITY REPORT

## 6. STAKEHOLDER ENGAGEMENT

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

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

We actively engage our key stakeholders through the following channels:

| S/N | KEY STAKEHOLDER | ENGAGEMENT CHANNEL | FREQUENCY OF ENGAGEMENT | KEY CONCERN RAISED |
|---|---|---|---|---|
| 1 | Communities | • Community campaigns | Ongoing | • Social inclusion<br>• Environmental protection |
| 2 | Customers | • Service centre<br>• Social media | Daily | • Product diversity, quality and reliability<br>• Customer service |
| 3 | Employees | • Performance appraisal | Half-yearly | • Equal employment opportunity<br>• Job security<br>• Remuneration |
| | | • Email<br>• Face-to-face communication | Daily | |
| 4 | Regulators | • Consultations and briefing organised by key regulatory bodies | As and when required | • Corporate governance<br>• Environmental compliance |
| 5 | Shareholders | • Group annual report<br>• Annual general Meeting<br>• Group result announcements | Annually<br><br>Half-yearly | • Sustainable business performance<br>• Market valuation<br>• Dividend payment<br>• Corporate governance |
| 6 | Suppliers | • Email<br>• Face-to-face communication | Daily | • Demand volatility |

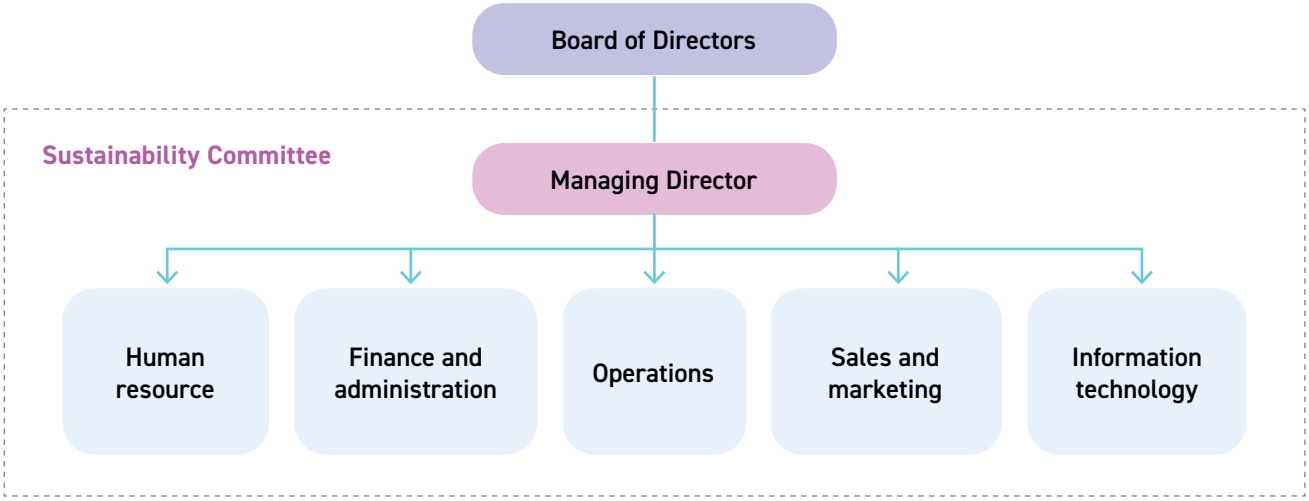
Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

# SUSTAINABILITY REPORT

## 7. POLICY, PRACTICE AND PERFORMANCE REPORTING

### 7.1 Reporting Structure

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




### 7.2 Sustainability Reporting Processes

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

# SUSTAINABILITY REPORT

## 7.3 Materiality Assessment

The materiality assessment is supported by a material factor matrix which considers the likelihood of the occurrence of potential negative and positive impacts ("Likelihood of Impact") and significance of impacts on the economy, environment, people and their human rights, which in turn can indicate its contribution to sustainable development ("Significance of Impact"). Refer to Section 8 for the material factor matrix.

## 7.4 Performance Tracking and Reporting

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

## 8. MATERIAL FACTORS

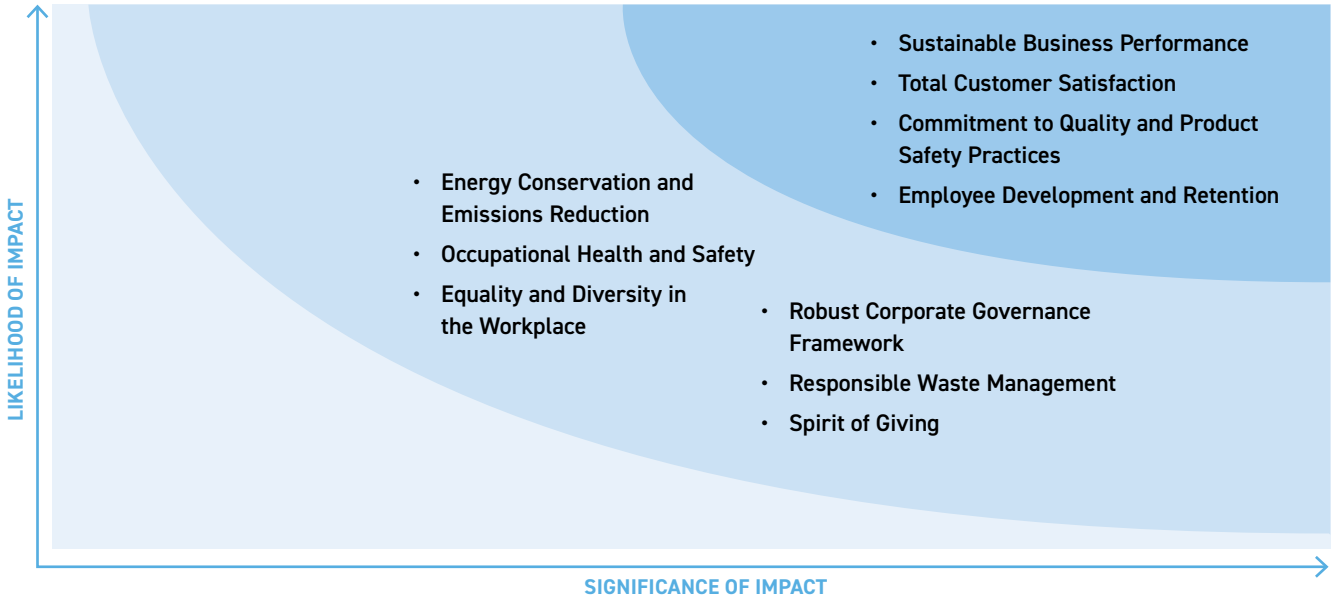
In 2022, a materiality assessment was conducted by the SC to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business and their reporting priority level were updated. In this Report, we have also reported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

Presented below are a list of material Sustainability Factors and material factor matrix applicable to our Group:

| S/N | MATERIAL SUSTAINABILITY FACTOR | SDG | KEY STAKEHOLDER |
|---|---|---|---|
| **Customer experience** | | | |
| 1 | Total Customer Satisfaction | Decent work and economic growth | • Customers<br>• Suppliers |
| **Economic** | | | |
| 2 | Sustainable Business Performance | Decent work and economic growth | • Employees<br>• Regulators<br>• Shareholders |
| **Environmental** | | | |
| 3 | Energy Conservation and Emissions Reduction | Affordable and clean energy | • Communities<br>• Shareholders |
| 4 | Responsible Waste Management | Responsible consumption and production | • Communities<br>• Regulators<br>• Shareholders |
| **Social** | | | |
| 5 | Employee Development and Retention | Quality education | • Employees |
| 6 | Commitment to Quality and Product Safety Practices | Peace, justice and strong institutions | • Customers<br>• Suppliers |
| 7 | Equality and Diversity in the Workplace | Reduced inequalities | • Employees |
| 8 | Occupational Health and Safety | Good health and well-being | • Employees |
| 9 | Spirit of Giving | Sustainable cities and communities | • Communities |
| **Governance** | | | |
| 10 | Robust Corporate Governance Framework | Peace, justice and strong institutions | • Shareholders<br>• Regulators |

# SUSTAINABILITY REPORT

Material factor matrix




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

## 8.1 Total Customer Satisfaction

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

a. Offer comprehensive product range that meets market's needs and demand

We offer a wide range of products and create bundling possibilities of different products to meet customers' varied needs. Refer to our brand and product listing at our corporate website: https://banleong.com/our-brands/.

b. Offer quality and safe products

In line with our commitment to provide quality products to our customers, we ensure strict compliance with our quality requirements and relevant safety regulations.

For our Sustainability Factor on product safety and consistency in quality, refer to Section 8.6 for further details.

c. Offer competitive pricing

Leveraging on long established relationships with suppliers and through bulk purchases, we are able to secure competitive pricing through discounts, rebates or pricing support from suppliers which can then be passed on to our customers. Customers are also constantly engaged by our sales teams and management to understand the market price trends in order for us to offer competitive selling prices.

# SUSTAINABILITY REPORT

d. Proactively gather customer feedback to formulate strategies

Customer feedback collected from various touchpoints such as sales teams, service centre and social media are analysed to gather valuable insights into current and future customer requirements. Insights gathered are discussed during regular management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies.

e. Render good customer service

We operate our own service centre with in-house technicians to handle hardware and technical problems as well as provide onsite repairs for certain products. By providing such value-added services to our customers, we have established a reputation as a reliable and trustworthy partner.

In line with our business strategy to increase our e-commerce sales, we have increased the number of our online stores at various third-party e-commerce platforms to 76 at the time of this Report (FY2021: 61). For our e-commerce sales, we measure customer satisfaction based on feedback rating provided by customers. During the Reporting Period, 100% (FY2021: 97%) of the online stores have positive feedback ratings[5] in excess of 80%.

| TARGET FOR FY2022 | PERFORMANCE IN FY2022 | TARGET FOR FY2023 |
|---|---|---|
| Improve or maintain our customer review rate | No material changes in customer review rate | Improve or maintain our customer review rate |

## 8.2 Sustainable Business Performance

We are committed to provide value to various stakeholders through relevant and meaningful ways. In line with this commitment, value created in FY2022 is distributed as follows to enable a more sustainable future:

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

[5] Where provided and available.

# SUSTAINABILITY REPORT

| TARGET FOR FY2022 | PERFORMANCE IN FY2022 | TARGET FOR FY2023 |
|---|---|---|
| Improve or maintain our financial performance subject to market conditions whilst maintaining our dividend payout where practicable | Total economic value distributed and reinvested increased to S$21.99 million | Improve or maintain total economic value distributed and reinvested subject to market conditions |

## 8.3 Energy Conservation and Emissions Reduction

In line with our mission to operate in an environmentally responsible manner, we are driven by our commitment to ensure responsible usage of energy resources, reduce carbon emissions, combat climate change, preserve the environment that we operate in and yet reduce our costs, resulting in enhanced returns to shareholders.

To run our operations, we rely mainly on the following energy resources:

- Diesel for our fleet of delivery vehicles and forklifts; and
- Electricity for lighting, office equipment and cooling.

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

| PERFORMANCE INDICATOR | UNIT OF MEASUREMENT | FY2022 | FY2021 |
|---|---|---|---|
| **Energy consumption** | | | |
| Diesel consumption | litre | 25,618 | 35,622 |
| Electricity consumption | kWh | 613,177 | 612,345 |
| **GHG emissions** | | | |
| Direct GHG emissions (Scope 1[6]) | tonnes $CO_2e$ | 70 | 97 |
| Indirect GHG emissions (Scope 2[7]) | tonnes $CO_2e$ | 285 | 281 |
| Total GHG emissions | tonnes $CO_2e$ | 355 | 378 |
| GHG emissions intensity | tonnes $CO_2e$/ revenue $'000 | 0.0016 | 0.0021 |

The decline in diesel consumption and GHG emissions intensity are mainly attributable to the increase in outsourcing arrangement for deliveries. We will continuously work towards minimising the environmental impacts of our outsourcing service providers.

We review our energy consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns. We constantly remind our employees on basic and environmentally responsible habits at their workplaces such as switching off appliances if not in use.

| TARGET FOR FY2022 | PERFORMANCE IN FY2022 | TARGET FOR FY2023 |
|---|---|---|
| -[8] | GHG emissions intensity decreased to 0.0016 tonnes $CO_2e$/ revenue $'000 | Maintain or reduce GHG emissions intensity |

[6] GHG emissions from consumption of diesel controlled by the Company (Scope 1) are calculated based on the Greenhouse Gas (GHG) Emissions Measurement and Reporting Guidelines published by the NEA.

[7] GHG emissions from electricity purchased by the Company (Scope 2) are calculated based on the emissions factors published by the relevant local authorities.

[8] Not applicable as this is a newly disclosed Sustainability Factor added in this Report.

# SUSTAINABILITY REPORT

## 8.4 Responsible Waste Management

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

a. Recycle and reuse waste

We work with National Environment Agency ("NEA"), under the Extended Producer Responsibility ("EPR") scheme, to assist in the collection of electronic waste ("e-waste") generated in operations for proper recycling and waste treatment. Under this scheme, 100% of our electronic waste (FY2021: 100%) are handled by licensed waste collectors. In addition, used carton boxes are collected at a centralised location for reuse in local deliveries.

b. Moving towards a paperless working environment

We constantly enhance our operating systems to move towards a paperless working environment. We implemented a document management system to facilitate the digitisation of our paper documents and reduce the need to generate paper documents for filing purpose.

| TARGET FOR FY2022 | PERFORMANCE IN FY2022 | TARGET FOR FY2023 |
|---|---|---|
| Minimise waste generated in operations | We implemented a document management system to facilitate the digitisation of our paper documents and reduce the need for physical filing | Minimise waste generated in operations |

## 8.5 Employee Development and Retention

The continual success of our business pivots on a team of motivated, experienced and qualified staff, driven by the core values to achieve our mission and vision. Key initiatives taken by us to nurture, grow and motivate our employees are as follows:

a. Build a strong corporate culture

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

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

b. Establish a quality team

We encourage continual learning and leadership quality improvements for our employees by offering sponsorships to upgrade their skillsets. A Further Education Sponsorship Program has also been set up in 2017 to groom employees at the managerial levels. The program aims to provide managerial staff with a clear and forward-looking career path to greater responsibilities and better prospects. Under this program, we co-sponsor trainings for managerial staff who meet the criteria.

# SUSTAINABILITY REPORT

We also believe that everyone is talented in his/her own way and we should provide opportunities to people from a diverse educational background to nurture them. To support our belief, we partnered with SkillsFuture Singapore, a government agency, and institutes of higher learning such as Institute of Technical Education and Polytechnics under the Earn and Learn Programmes and Work-Learn Technical Diploma Programmes to provide opportunities for fresh graduates from these institutions to build work skills and experience by working at our Group. As at 31 March 2022, the number of employees under these programmes is 2 (FY2021: 4).

During the Reporting Period, we conducted a total of 345 hours (FY2021: 990 hours) of in-house and external training for our employees. Our employees received an average of 2 hours (FY2021: 5 hours) of training per employee. The decline in training hours is mainly due to lesser face-to-face group-based trainings conducted during the Reporting Period in light of the Pandemic.

c. Engage employees constantly

Employees are engaged regularly via various channels such as the appraisal exercise which allows employees to gain feedback on their career progress. During the Reporting Period, 100% (FY2021: 100%) of our confirmed employees received performance and career development reviews to aid their personal development.

A low turnover improves the sustainability of our operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 31 March 2022, our turnover rate is 31% (FY2021: 24%). The increase in turnover rate is mainly attributable to a high turnover of logistics and administrative employees who left the Group to pursue better career opportunities during the Pandemic. We will continue to work towards improving our turnover rate.

| TARGET FOR FY2022 | PERFORMANCE IN FY2022 | TARGET FOR FY2023 |
|---|---|---|
| Improve or maintain employee retention rate subject to market conditions | Turnover rate increased to 31% | Improve employee retention rate subject to market conditions |

## 8.6 Commitment to Quality and Product Safety Practices

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

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

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

During the Reporting Period, there is no reported incident of substandard products resulting in electrical accidents (FY2021: zero incident).

| TARGET FOR FY2022 | PERFORMANCE IN FY2022 | TARGET FOR FY2023 |
|---|---|---|
| Maintain zero incident of substandard products resulting in electrical accidents to our customers | Maintained zero incident of substandard products resulting in electrical accidents to our customers | Maintain zero incident of substandard products resulting in electrical accidents to our customers |

# SUSTAINABILITY REPORT

## 8.7 Equality and Diversity in the Workplace

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

a. Gender diversity

On gender diversity, we view diversity as an important component in supporting sustainable development and the percentage of female to total full-time employees is 36% (FY2021: 35%) and about 40% (FY2021: 40%) of managers are females as at 31 March 2022.

b. Educational background diversity

On diversity in educational background, we seek to create an inclusive environment for employees from different educational background. As at 31 March 2022, the breakdown of employees by educational level is as follows:

| EDUCATIONAL QUALIFICATION | AS AT 31 MARCH 2022 | AS AT 31 MARCH 2021 |
|---|---|---|
| Tertiary | 61% | 57% |
| Non-tertiary | 39% | 43% |
| **Total** | **100%** | **100%** |

c. Age diversity

On age diversity, matured workers are valued for their experience knowledge and skills. As at 31 March 2022, 44% (FY2021: 41%) of the workforce is at least 40 years old.

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

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

During the Reporting Period, there is no incident of unlawful discrimination against employees (FY2021: zero incident).

| TARGET FOR FY2022 | PERFORMANCE IN FY2022 | TARGET FOR FY2023 |
|---|---|---|
| Improve or maintain a balanced gender, age, and educational diversity ratios | No material changes in gender, age, and educational diversity ratios | Maintain zero incident of unlawful discrimination against employees |

## 8.8 Occupational Health and Safety

A work environment that improves the well-being of employees and allows them to work safely without fear of getting injured builds loyalty amongst employees and supports the sustainability of our business. Accordingly, we place emphasis on creating a workplace that allows employees to perform and develop in a safe and conducive working environment.

We aim to provide a hazard-free workplace by implementing job safety guidelines and ensuring that new employees of the logistics department undergo the required safety training and drills to familiarise themselves with the safety precautions.

To ensure the safety of our employees and minimise the risk of transmission of COVID-19 amongst our employees, we adhere to the guidelines and measures passed by the local COVID-19 laws and regulations.

# SUSTAINABILITY REPORT

We encountered zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases in FY2022 (FY2021: zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill health cases).

| TARGET FOR FY2022 | PERFORMANCE IN FY2022 | TARGET FOR FY2023 |
|---|---|---|
| -[9] | Maintained zero incident of workplace injuries and ill health cases | Maintain zero incident of workplace injuries and ill health cases |

## 8.9 Spirit of Giving

In line with our mission to operate in a socially responsible manner, we recognise that long-term success of our business is closely related with the health and prosperity of the communities we operate in. On this front, we participate in various events, and you may refer to the community events disclosed on page 13 of this Annual Report for more details. Our continuous efforts in cultivating a spirit of giving have encouraged employees to volunteer in community work which in turn support their personal development. In FY2022, due to the COVID-19 situation, we had to make adjustments to ensure that activities conducted are in line with government guidelines. As such, these activities were reduced and more than 300 volunteer hours (FY2021: more than 400 volunteer hours) are clocked amongst our employees.

| TARGET FOR FY2022 | PERFORMANCE IN FY2022 | TARGET FOR FY2023 |
|---|---|---|
| Continue with existing community engagement campaigns | Initiated various campaigns to help the communities | Continue with existing community engagement campaigns |

## 8.10 Robust Corporate Governance Framework

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

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible and confidential disclosure channels about possible improprieties in matters of financial reporting and others. In FY2022, no incident of serious offence complaint is received via the whistle blowing channel (FY2021: zero incident).

The overall SGTI score assessed by National University of Singapore Business School is 76 for year 2021 (Year 2020: 70). We will continuously work towards improving our SGTI score.

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

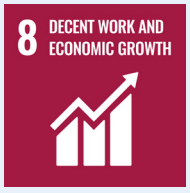
| TARGET FOR FY2022 | PERFORMANCE IN FY2022 | TARGET FOR FY2023 |
|---|---|---|
| • Improve or maintain our SGTI score<br>• Maintain zero incident of serious offence | • SGTI score increased to 76<br>• Maintained zero incident of serious offence | Maintain zero incident of serious offence |

[9] Not applicable as this is a newly disclosed Sustainability Factor added in this Report.

# SUSTAINABILITY REPORT

## 9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

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

| SDG | OUR EFFORT (SUSTAINABILITY FACTOR) |
|---|---|
| Ensure healthy lives and promote well-being for all at all ages | **Section 8.8 Occupational Health and Safety**<br>We implement measures such as job safety guidelines and safety to provide a hazard-free workplace for our employees and ensure the well-being of both our employees and the working environment. |
| Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | **Section 8.5 Employee Development and Retention**<br>We empower our employees by investing in training, education and development to enhance our business competencies. |
| Ensure access to affordable, reliable, sustainable and modern energy for all | **Section 8.3 Energy Conservation and Emissions Reduction**<br>We implement measures to reduce our energy consumption as not only does it help to improve our energy efficiency, it also helps us to reduce our emissions and save costs incurred to support our business operations. |
|  Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | **Section 8.1 Total Customer Satisfaction**<br>We place heavy emphasis on customer satisfaction as we understand that maintaining a high level of customer satisfaction is essential to the continual success of our business. This in turn helps to contribute to economic growth as well as create new jobs.<br><br>**Section 8.2 Sustainable Business Performance**<br>We contribute to economic growth through creating long-term value for our stakeholders. |

# SUSTAINABILITY REPORT

| SDG | OUR EFFORT (SUSTAINABILITY FACTOR) |
|---|---|
| <br>Reduce inequality within and among countries | **Section 8.7 Equality and Diversity in the Workplace**<br>We ensure equal opportunity for all regardless of age, gender, and educational background by establishing various human resource related policies and processes to achieve this goal. |
| <br>Make cities and human settlements inclusive, safe, resilient and sustainable | **Section 8.9 Spirit of Giving**<br>We participated in various events to cultivate a spirit of giving and encourage employees to volunteer in community works. |
| <br>Ensures sustainable consumption and production patterns | **Section 8.4 Responsible Waste Management**<br>We dispose of our electronic waste responsibly and constantly enhance our operating systems to move towards a paperless working environment. |
| <br>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels | **Section 8.6 Commitment to Quality and Product Safety Practices**<br>We ensure that our products meet necessary safety standards and relevant laws and regulations to maintain the continued success of our business and promote effective and accountable institutions.<br><br>**Section 8.10 Robust Corporate Governance Framework**<br>We are committed to high standards of corporate governance and believe that a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximising long-term shareholder's value. |

# SUSTAINABILITY REPORT

## 10. GRI CONTENT INDEX

| GRI STANDARD & DISCLOSURE TITLE | | SECTION REFERENCE | PAGE |
|---|---|---|---|
| **Organisational profile** | | | |
| 102-1 | Name of the organisation | Cover page | - |
| 102-2 | Activities, brands, products, and services | • Company Profile<br>• What We Do<br>• Brand Listing<br>• Financial Contents > Notes to the Financial Statements > Segment Information | 01-02<br>03-04<br>12<br>119-121 |
| 102-3 | Location of headquarters | • Corporate Directory<br>• Financial Contents > Notes to the Financial Statements > Corporate Information | -<br>79 |
| 102-4 | Location of operations | • Company Profile<br>• Financial Contents > Notes to the Financial Statements > Investment in Subsidiaries<br>• Financial Contents > Notes to the Financial Statements > Segment Information | 01-02<br>102-103<br>119-121 |
| 102-5 | Ownership and legal form | • Corporate Structure<br>• Financial Contents > Notes to the Financial Statements > Corporate Information<br>• Financial Contents > Notes to the Financial Statements > Investment in Subsidiaries<br>• Financial Contents > Analysis of Shareholdings | 07<br>79<br>102-103<br>122-123 |
| 102-6 | Markets served | • Company Profile<br>• Financial Contents > Notes to the Financial Statements > Segment Information | 01-02<br>119-121 |
| 102-7 | Scale of the organisation | • Company Profile<br>• Financial Highlights<br>• Sustainability Report > Material Factors > Sustainable Business Performance<br>• Sustainability Report > Material Factors > Equality and Diversity in the Workplace<br>• Financial Contents > Consolidated Statement of Comprehensive Income<br>• Financial Contents > Balance Sheets | 01-02<br>08<br>21-22<br>25<br>74<br>75 |
| 102-8 | Information on employees and other workers | Sustainability Report > Material Factors > Equality and Diversity in the Workplace | 25 |
| 102-9 | Supply chain | • Company Profile<br>• What We Do<br>• Sustainability Report > Our Key Business | 01-02<br>03-04<br>16 |
| 102-10 | Significant changes to the organisation and its supply chain | None | - |

# SUSTAINABILITY REPORT

| GRI STANDARD & DISCLOSURE TITLE | | SECTION REFERENCE | PAGE |
|---|---|---|---|
| 102-11 | Precautionary Principle or approach | None | - |
| 102-12 | External initiatives | Sustainability Report > Supporting the UN Sustainable Development Goals | 27-28 |
| 102-13 | Membership of associations | None | - |
| **Strategy** | | | |
| 102-14 | Statement from senior decision-maker | • Chairman's Message<br>• Sustainability Report > Board Statement | 05-06<br>14-15 |
| **Ethics and integrity** | | | |
| 102-16 | Values, principles, standards, and norms of behaviour | • Financial Contents > Report of Corporate Governance<br>• Sustainability Report > Material Factors > Robust Corporate Governance Framework | 34-59<br>26 |
| **Governance** | | | |
| 102-18 | Governance structure | • Sustainability Report > Policy, Practice and Performance Reporting > Reporting Structure<br>• Financial Contents > Report of Corporate Governance | 18<br>34-59 |
| **Stakeholder engagement** | | | |
| 102-40 | List of stakeholder groups | Sustainability Report > Stakeholder Engagement | 17 |
| 102-41 | Collective bargaining agreements | None of our employees are covered by collective bargaining agreements | - |
| 102-42 | Identifying and selecting stakeholders | Sustainability Report > Stakeholder Engagement | 17 |
| 102-43 | Approach to stakeholder engagement | Sustainability Report > Stakeholder Engagement | 17 |
| 102-44 | Key topics and concerns raised | • Sustainability Report > Stakeholder Engagement<br>• Sustainability Report > Material Factors > Total Customer Satisfaction | 17<br>20-21 |
| **Reporting practice** | | | |
| 102-45 | Entities included in the consolidated financial statements | • Corporate Structure<br>• Sustainability Report > Reporting Period and Scope<br>• Financial Contents > Notes to the Financial Statements > Investment in Subsidiaries | 07<br>16<br>102-103 |
| 102-46 | Defining report content and topic Boundaries | Sustainability Report > Policy, Practice and Performance Reporting > Sustainability Reporting Processes | 18 |
| 102-47 | List of material topics | Sustainability Report > Material Factors | 19-26 |

# SUSTAINABILITY REPORT

| GRI STANDARD & DISCLOSURE TITLE | | SECTION REFERENCE | PAGE |
|---|---|---|---|
| 102-48 | Restatements of information | There are some minor restatements of the following:<br>• Sustainability Report > Board Statement<br>• Sustainability Report > Material Factors > Total Customer Satisfaction | -<br><br>14-15<br>20-21 |
| 102-49 | Changes in reporting | Sustainability Factors added:<br>• Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction<br>• Sustainability Report > Material Factors > Occupational Health and Safety | <br>22<br><br><br>25-26 |
| 102-50 | Reporting period | Sustainability Report > Reporting Period and Scope | 16 |
| 102-51 | Date of most recent report | Annual Report 2021 > Sustainability Report | - |
| 102-52 | Reporting cycle | Sustainability Report > Reporting Period and Scope | 16 |
| 102-53 | Contact point for questions regarding the report | Sustainability Report > Feedback | 16 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | • Sustainability Report > Reporting Framework<br>• Sustainability Report > GRI Content Index | 16<br>29-32 |
| 102-55 | GRI content index | Sustainability Report > GRI Content Index | 29-32 |
| 102-56 | External assurance | Sustainability Report > Reporting Framework | 16 |
| **Management approach** | | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report > Material Factors | 19-26 |
| 103-2 | The management approach and its components | • Sustainability Report > Board Statement<br>• Sustainability Report > Policy, Practice and Performance Reporting<br>• Sustainability Report > Material Factors | 14-15<br>18-19<br><br>19-26 |
| 103-3 | Evaluation of the management approach | Sustainability Report > Material Factors | 19-26 |
| **Category: Economic** | | | |
| 201-1 | Direct economic value generated and distributed | • Financial Highlights<br>• Sustainability Report > Material Factors > Sustainable Business Performance<br>• Financial Contents > Consolidated Statement of Comprehensive Income<br>• Financial Contents > Balance Sheets | 08<br>21-22<br><br>74<br><br>75 |

# SUSTAINABILITY REPORT

| GRI STANDARD & DISCLOSURE TITLE | | SECTION REFERENCE | PAGE |
|---|---|---|---|
| **Category: Environmental** | | | |
| 302-1 | Energy consumption within the organisation | Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction | 22 |
| 302-3 | Energy intensity | Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction | 22 |
| 305-1 | Direct (Scope 1) GHG emissions | Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction | 22 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction | 22 |
| 305-4 | GHG emissions intensity | Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction | 22 |
| 306-2 | Management of significant waste-related impacts | Sustainability Report > Material Factors > Responsible Waste Management | 23 |
| **Category: Social** | | | |
| 401-1 | New employee hires and employee turnover | Sustainability Report > Material Factors > Employee Development and Retention | 23-24 |
| 403-9 | Work-related injuries | Sustainability Report > Material Factors > Occupational Health and Safety | 25-26 |
| 403-10 | Work-related ill health | Sustainability Report > Material Factors > Occupational Health and Safety | 25-26 |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Sustainability Report > Material Factors > Employee Development and Retention | 23-24 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Sustainability Report > Material Factors > Employee Development and Retention | 23-24 |
| 405-1 | Diversity of governance bodies and employees | Sustainability Report > Material Factors > Equality and Diversity in the Workplace | 25 |
| 406-1 | Incidents of discrimination and corrective actions taken | Sustainability Report > Material Factors > Equality and Diversity in the Workplace | 25 |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | • Community Events<br>• Sustainability Report > Material Factors > Spirit of Giving | 13<br>26 |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Sustainability Report > Material Factors > Commitment to Quality and Product Safety Practices | 24 |

# FINANCIAL CONTENTS


| | |
|---|---|
| Report of Corporate Governance | 34 |
| Disclosure of Information on Directors Seeking Re-Election | 60 |
| Directors' Statement | 66 |
| Independent Auditors' Report | 69 |
| Consolidated Statement of Comprehensive Income | 74 |
| Balance Sheets | 75 |
| Statements of Changes in Equity | 76 |
| Consolidated Statement of Cash Flows | 78 |
| Notes to the Financial Statements | 79 |
| Analysis of Shareholdings | 122 |
| Notice of Annual General Meeting | 124 |
| Proxy Form | |

# REPORT OF CORPORATE GOVERNANCE

## REPORT OF CORPORATE GOVERNANCE

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

This report describes the corporate governance framework, practices, process and activities of the Company with specific reference to the underlying principles of the Code of Corporate Governance 2018 (the "**Code**") that were in place throughout the financial year ended 31 March 2022 ("**FY2022**"). The Board believes that the Group has complied in all material aspects with the principles and provisions as set out in the Code, except where otherwise stated. The Company is also guided by the voluntary Practice Guidance which was issued to complement the Code and which sets out best practice standards for companies. Where there are deviations from the Code, appropriate explanations and reasons for deviation are provided in the relevant sections below.

### BOARD MATTERS

#### The Board's Conduct of Affairs

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

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

The Board recognises that its principal duties include:

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

# REPORT OF CORPORATE GOVERNANCE

In order to be in line with the requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") relating to the sustainability reporting, the Group presents its Sustainability Report for the financial year ended 31 March 2022 on pages from 14 to 32 in this Annual Report.

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

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

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

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

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

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

While the Board considers Directors' attendance at Board meetings as important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms, including periodical reviews and the provision of guidance and advice on various matters relating to the Group. The number of meetings of Board and Board Committees held during FY2022 and the attendance of each Director at those meetings are set out as follows:

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

# REPORT OF CORPORATE GOVERNANCE

The Board ensures that incoming new Directors are given comprehensive and tailored induction on joining the Board including onsite visits, if necessary, to get familiarised with the business of the Group and corporate governance practices upon their appointment and to facilitate the effectiveness in discharging their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. They will be given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices. A newly appointed Director who has no prior experience as a director of a listed company in Singapore must undergo mandatory training organised by Singapore Institute of Directors in relation to the roles and responsibilities of a director of a listed company. There was no new Director appointed during FY2022.

With effect from the financial year beginning on 1 January 2022, all Directors are required to undergo training on sustainability matters. The Company will arrange for Directors to attend such training in due course.

All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable at the Group's expenses. The Directors are also provided with updates on the relevant new laws and regulations relevant to the Group's operating environment through emails and regular meetings. They also have the opportunity to visit the Group's operational facilities and meet with management to obtain a better understanding of the business operations. Below are some of the updates have been provided to the Directors in FY2022:-

- the external auditors, Ernst & Young LLP, had briefed the AC members on the latest developments in accounting and corporate governance standards at their attendance in the AC meetings held half-yearly;

- Executive Chairman has updated the Board at half-yearly meetings on the business outlook and the direction of the Group; and

- Financial Controller has also updated the Board at half-yearly meetings on each segmental business operation and development of the Group along with the financial results.

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

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

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

The role of the Company Secretary is, *inter alia*, advising the Board on all governance matters and ensuring that all Board procedures are followed. Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and its Committees and between the Management and Non-Executive Directors. Directors have separate and independent access to the Company Secretary through e-mail, telephone and face-to-face meetings. During FY2022, the Company Secretary attended all meetings of the Board and its Board Committees and the minutes of such meetings were promptly circulated to all Board and Board Committees as appropriate. The appointment and removal of the Company Secretary are subject to the approval of the Board.

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

# REPORT OF CORPORATE GOVERNANCE

## Board Composition and Guidance

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

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

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

The current Board of the Company has endorsed the principle that its Board should have appropriate balance and diversity of skills, knowledge, experience, competencies and diversity of perspectives appropriate to its business to enable them to contribute effectively and to mitigate against groupthink and to ensure that the Group has the opportunity to benefit from all available talents.

The Directors bring with them a broad range of business and financial experience, skills and expertise in finance, industry, business, management and general corporate matters. The profiles of the Directors are set out on pages 9 to 10 of this Annual Report.

The following are relevant steps that have been taken by the Board to embrace recommended best practices of Provision 2.4 of the Code:-

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

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

The NC, having conducted its reviews, was satisfied that members of the Board possess the relevant core competencies in areas such as accounting and finance, business and management experience, and strategic planning. In particular, the Executive Director, also the Managing Director of the Company, possess good industry knowledge while the Independent Directors, who are mostly professionals in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgment during Board deliberations. Details of the Directors' qualifications, background and working experience, principal commitments and shareholdings in related corporations are set out on pages 9, and 10.

# REPORT OF CORPORATE GOVERNANCE

As the Group's activities continue to grow, the NC recognizes that the board diversity which offers a feature as a cognitive diversity of perspectives in addressing all aspect of issues (e.g. strategy, corporate governance, social and environmental stewardship and etc.) is a crucial element in attaining its long-term success and sustainability. Apart from the inherent diversity (i.e. age and gender), the experience, skill-sets and abilities possessed by an individual are also the key elements in a diverse board as well as other relevant aspects of diversity. To be in line with the SGX Listing Rules, the Group will adopt a Diversity Policy which is to be disclosed in the annual report of the Company for the financial year ending 31 March 2023.

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

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

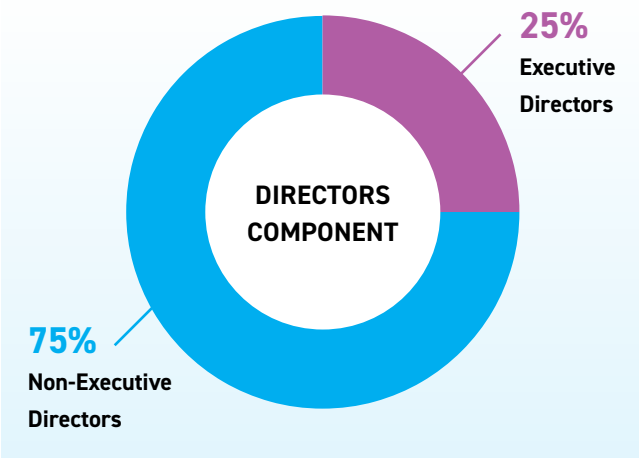
As Independent Non-Executive Directors make up a majority of the Board, there is a strong independent element on the Board and no individual or groups of individuals are able to dominate the Board's decision-making process. The Independent Non-Executive Directors have the necessary skills and experience to assist the Board in decision making and to provide a check and balance to the Board as they are not involved in the day-to-day operations of the Company. The NC was satisfied that the Company has complied with Rule210(5)(c) of the SGX Listing Rules which requires independent directors to make up at least one-third of the Board.

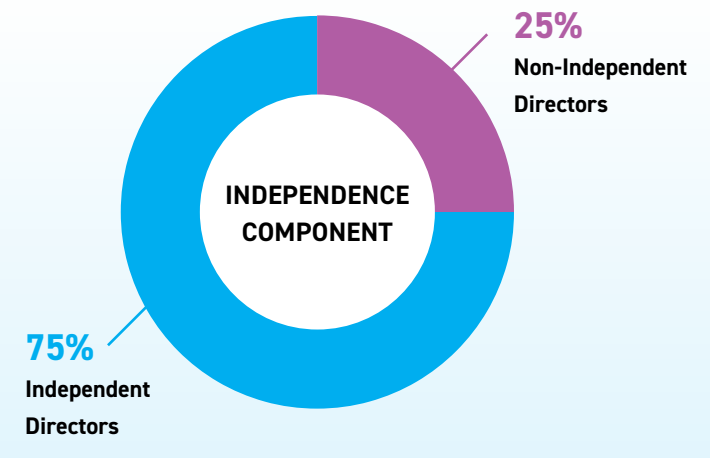
As the Chairman of the Board is not an Independent Director, the NC has reviewed the composition of the Board and was satisfied that the Independent Directors make up a majority of the Board provides the Board with independent and objective judgment on the corporate affairs of the Group. The Company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

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

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

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



# REPORT OF CORPORATE GOVERNANCE

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

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

With effect from 1 January 2022, the Independent Directors who have served on the Board beyond nine (9) years from the date of first appointment will be subject to the two-tier vote pursuant to Rule 210(5) (d)(iii) of the SGX Listing Rules, i.e. (i) by all shareholders; and (ii) by all shareholders excluding shareholders who are Directors or CEO and their associates ("**Two-Tier Vote**").

The Resolutions 7 to 10 tabled and approved at the last Annual General Meeting held on 26 July 2021 in respect of the re-appointment of the following Directors, who have served on the Board beyond nine (9) years from the date of their first appointment, had been approved by the shareholders of the Company via the Two-Tier Vote to continue in office as independent directors of the Company for a three-year term. The Directors would continue to serve as Independent Directors of the Company, until the earlier of their retirement or resignation, or the conclusion of the third AGM of the Company following the passing of these Resolutions:

(a) Mr Loh Yih, who was appointed from since 12 May 2005; and

(b) Mr Neo Gim Kiong, who was appointed from since 1 July 2004

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

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

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

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

# REPORT OF CORPORATE GOVERNANCE

## Chairman and Chief Executive Officer

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

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

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

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

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

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

## Board Membership

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

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

They are:

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

# REPORT OF CORPORATE GOVERNANCE

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

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

During FY2022, the NC held one scheduled meeting with full attendance.

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

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

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

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

The disclosure of information on Directors seeking re-election as required under Appendix 7.4.1 to the Listing Manual of the SGX-ST can be found in pages 60 to 65 of this Annual Report.

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

# REPORT OF CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

# REPORT OF CORPORATE GOVERNANCE

The NC, having reviewed each of the Director's directorships in other companies and principal commitments as well as each Director's attendance, overall performance and contribution to the Board in FY2022, the NC is satisfied that the Directors have spent adequate time on the Company's affairs and have duly discharged their responsibilities adequately for FY2022. All Independent Non-Executive Directors are required to declare their Board representations at the Board meeting whenever there is change and at the end of each financial year.

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

Key information of each member of the Board is set out below and also under the section on "Disclosure of information on directors seeking re-election pursuant to Rule 720(6) of the Listing Rules in this Annual Report on pages 60 to 65:-

| Name of Directors | Date of First Appointment | Date of Last Re-election/ Re-appointment | Present Directorships and Chairmanships in Other Listed Companies | Directorships and Chairmanships in Other Listed Companies over the preceding three years |
|---|---|---|---|---|
| Loh Yih | 12 May 2005 | 26 July 2021 | 1. Acesian Partners Limited | 1. International Press Softcom Limited (delisted on 12 April 2021 and now known as IPSCom Pte. Ltd.) (resigned on 1 May 2021) |
| Neo Gim Kiong | 1 July 2004 | 26 July 2021 | 1. Acesian Partners Limited | 1. Astaka Holdings Limited (retired on 5 February 2020)<br>2. Sen Yue Holdings Limited (retired at the AGM held on 30 April 2021)<br>3. International Press Softcom Limited (delisted on 12 April 2021 and now known as IPSCom Pte. Ltd.) (resigned on 1 May 2021) |

## Board Performance

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

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

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

# REPORT OF CORPORATE GOVERNANCE

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

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

Board performance criteria

(i) The Board's effectiveness in its monitoring role and attainment of the strategic and long-term objectives;

(ii) The Board's ability to ensure information flow and accountability; and

(iii) The Board's ability to ensure respective committees' performance.

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

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

No external facilitators were used in the performance assessment for FY2022.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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

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

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

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

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

# REPORT OF CORPORATE GOVERNANCE

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

- reviewing and recommending to the Board, in consultation with the Executive Chairman and MD, for endorsement, a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each Director and key management personnel, including employees related to the Directors, CEO and Substantial Shareholders, and the implementation of appropriate performance-related elements to be incorporated in the remuneration framework;

- reviewing and recommending the remuneration of the Non-Executive Directors, taking into account factors such as their effort, time spent and their responsibilities;

- reviewing the remuneration packages to ensure it is appropriate to attract, retain and motivate the Director to provide good stewardship of the company and key management personnel to successfully manage the company for the long term;

- reviewing and administering the award of shares to Directors and employees under the employee performance share plan adopted by the Company;

- reviewing and determining the contents of any service contracts for any Directors or key management personnel including termination terms, to ensure they are fair; and

- carrying out other duties as may be agreed by the RC and the Board, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

During FY2022, the RC held one scheduled meeting with full attendance.

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

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

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

Where necessary, the RC will consult external professionals on remuneration matters of Directors and key management personnel. For FY2022, the Company did not engage any external remuneration consultants advising on remuneration matters as the Group deemed not necessary given that the relevant information can be searched through internet tools.

# REPORT OF CORPORATE GOVERNANCE

## Level and Mix of Remuneration

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

**Remuneration Policy of Executive Director and Other Key Management Personnel**

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

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

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

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

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

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

***Principle 8: Disclosure on Remuneration***

The Company adopts an overall remuneration policy for employees, comprising a fixed component in the form of a base salary, and a variable component in the form of a bonus that is linked to the performance of the Group, the individual, the employment conditions within the industry and in comparable companies.

The RC reviews the framework for remunerations of the Directors and the key management personnel and recommends to the Board for adoption. The RC also determines specific remuneration packages and terms of employment for the Managing Director and key management staff.

The RC's recommendations in respect of the Directors' remunerations are submitted for endorsement by the entire Board. Each member of the RC will abstain from voting on any resolutions in respect of his remuneration package. If necessary, the RC will seek expert advice inside and/or outside the Company on remuneration matters. The RC did not engage any remuneration consultant in respect of remuneration matters for FY2022.

# REPORT OF CORPORATE GOVERNANCE

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

Details on the remuneration of Directors and key management personnel for the year under review are presented below. During FY2022, there was no termination, retirement and post-employment benefits granted to any Director and key management personnel. A summary of each Non-Executive Directors' and Executive Director's remuneration paid or payable by the Company for FY2022 is set out below:

| | Breakdown of Remuneration in Percentage (%) | | | | | |
|---|---|---|---|---|---|---|
| Name of Directors | Fees[1] (%) | Salary[2] (%) | Performance bonus (%) | Other benefits (%) | Total (%) | Total Remuneration in Compensation Bands |
| Ronald Teng Woo Boon | – | 29 | 71 | – | 100 | S$750,000 - S$1,100,000 |
| Loh Yih | 100 | – | – | – | 100 | < S$250,000 |
| Neo Gim Kiong | 100 | – | – | – | 100 | < S$250,000 |
| Lo Yew Seng | 100 | – | – | – | 100 | < S$250,000 |

Notes:

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

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

The table below sets out the remuneration received by key management personnel that the Company considers senior enough and appropriate for disclosure purpose. The ranges of gross remuneration received by the top two (2) key management personnel in the Company and its subsidiaries, but do not include any associated companies, are presented as follows:-

| Name of Top 2 Key Management Personnel | Position | Breakdown of Remuneration in Percentage (%) | | | | Total Remuneration in Compensation Bands |
|---|---|---|---|---|---|---|
| | | Salary[1] (%) | Variable Bonus (%) | Other benefits (%) | Total (%) | |
| Tan You Hong | Deputy Managing Director | 29 | 69 | 2 | 100 | $500,000 - $750,000 |
| Khoo Soo Fang | Financial Controller | 57 | 41 | 2 | 100 | $250,000 - $500,000 |

Notes:

1. The salary amount shown is inclusive of CPF.

Save for Tan You Hong and Khoo Soo Fang, no other key management personnel receive remuneration exceeding S$250,000. In aggregate, the total remuneration (including CPF contribution thereon and bonus) paid to the top two (2) key management personnel in financial year ended 31 March 2022 is approximately S$1,045,836.

For FY2022, there are only two (2) key management personnel of the Group, excluding the Executive Chairman and the MD.

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

# REPORT OF CORPORATE GOVERNANCE

In respect of FY2022, the amount of directors' fees of S$119,000 proposed to be payable to the Independent Non-Executive Directors, subject to approval of shareholders at the forthcoming annual general meeting.

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

The following immediate family member of the Executive Chairman and the MD as well as a Substantial Shareholder of the Company, whose remuneration exceeded S$100,000 in FY2022:-

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

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

Save as disclosed above, the Group does not have any other full-time employee who is an immediate family member of a Director or CEO or Substantial Shareholder of the Company, and whose remuneration exceeded S$100,000 for FY2022.

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

**Details of Ban Leong Performance Share Plan**

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

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

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

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

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

# REPORT OF CORPORATE GOVERNANCE

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

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

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

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

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

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

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

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

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

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

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

In FY2022, the Company engaged Yang Lee & Associates ("**YLA**") as its internal auditor to the Board and the AC in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls. The Board believes that adequate internal controls within the Group are crucial to ensure that the Group continues to meet or exceed its standards in all key aspects along with safeguarding the shareholder's interests and the Group's assets through effective risk management.

# REPORT OF CORPORATE GOVERNANCE

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

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

The Board notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. No significant risk on the internal control system was brought to the attention of AC during FY2022. In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, statutory audits conducted by the external auditors, and reviews performed by the Management, various board committees and the Board so far, the Board, with the concurrence of the AC ,is of the opinion that the Group's risk management and internal control systems, addressing the financial, operational, compliance, including sanctions-related risks and information technology risks, put in place during the financial year were adequate and effective.

This is in turn supported by the assurance from the MD and the Financial Controller (including back-to-back assurance from other key management personnel who are responsible) that (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances are in accordance with the relevant accounting standards; and (b) an effective risk management and internal control systems have been put in place.

In respect of FY2022, the Board has received from the MD and the Financial Controller, a letter of assurance confirming that (a) the Group's financial records have been properly maintained and the Group's consolidated financial statements for FY2022 give a true and fair view of the Group's operations and finances in accordance with the relevant accounting standards; and (b) the Group's risk management and internal control systems were adequate and effective.

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

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

International bodies and national governments have imposed sanctions on certain activities or transactions with targeted jurisdictions, entities and persons, with the primary aim of achieving foreign policy or national security goals. The Board confirmed there has been no material change in its risk of being subject to any sanctions law. The Board and AC will be responsible for (a) monitoring the issuer's risk of becoming subject to, or violating, any sanctions law; and (b) ensuring timely and accurate disclosures to SGX and other relevant authorities.

# REPORT OF CORPORATE GOVERNANCE

## Audit Committee

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

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

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

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

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

The AC meets on a half-yearly basis and plays a key role in assisting the Board to review significant financial reporting issues and judgments to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Group's financial performance. During FY2022, the AC held two meetings with full attendance.

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

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

# REPORT OF CORPORATE GOVERNANCE

- making recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing significant financial reporting issues and judgments with the Financial Controller and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the Financial Controller and the internal and external auditors, including financial, operation, compliance, including sanctions-related risks and information technology controls via reviews carried out by the and internal auditors;
- reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual (if any);
- reviewing any potential conflicts of interest;
- reviewing the suitability of the Financial Controller and the adequacy of the finance team on an on-going basis;
- reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;
- undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- reviewing the financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;
- reviewing the Group's compliance with such functions and duties as may be required by statute or the Listing Rules of the SGX-ST, and by such amendments made thereto from time to time;
- reviewing the policy and arrangements by which the staff may, in confidence and safely, raise concerns about improprieties in matters of financial reporting or other matters, and to ensure that those arrangements are in place for independent investigations of such matters and for appropriate follow-up. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- undertaking generally such other functions and duties as may be required by law or the Listing Rules of the SGX-ST, and by such amendments made thereto from time to time; and
- reviewing the assurance from the CEO and Financial Controller on the financial records and financial statements.

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

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

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

# REPORT OF CORPORATE GOVERNANCE

The AC had reviewed and discussed with the external auditors as well as the Management for both the half-year and annual financial statements before submission to the Board for its approval. The AC discussed with the Management on the accounting treatment and methodology applied as well as the assumptions used in judgemental assessment which might impact the result of the financial statements. The external auditors have audited the financial statements of the Group and highlighted two significant areas of focus that might significantly impact the financial statements. The AC reviewed and discussed with the external auditors, and concluded that the allowance for inventory write-down and assessment of expected credit losses of trade receivables were areas of focus for the external auditors and they have been included as Key Audit Matters in the Independent Auditors' Report on pages 69 to 72 of the Annual Report:-

| Significant Areas | How the AC reviewed these and what decisions were made |
|---|---|
| • Allowance for inventory to net realisable value | The AC reviewed and evaluated the appropriateness of the Group's policies on allowance for inventory to net realizable value process and is of the view that the Group's policy on allowance for inventory obsolescence presented by Management together with the external auditor's audit procedures was adequate and satisfactory considering the impact of COVID-19 pandemic on the Group.<br><br>The AC also reviewed the audit report and findings presented by the external auditor during the full-year financial result's meeting. |
| • Recoverability and expected credit losses of trade receivables | The Group's trade receivables include balances due from both commercial and retail customers. The allowance for ECL is established on the basis of making debtor specific impairment loss provision, which is based on the assessment of the ability of individual debtors, who are credit impaired, to pay and for remaining trade receivable balances, by determining the default rates to be applied against trade receivables after the specific impairment loss provision.<br><br>The assessment of the debtor's ability to pay are based on the age of the balances, payment history, status of negotiations with debtors and other external information available to management to assess the creditworthiness of the debtor. The default rates are based on the Group's historical credit loss experience, profiling customers by credit risk characteristics and are adjusted for forward-looking factors specific to the debtors and the economic environment, and considering the impact of COVID-19 on customers and their ability to pay within the credit period.<br><br>The AC reviewed information provided by Management and the external auditors in relation to the assessment basis used as well as the specific impairment loss to determine the level of allowance for expected credit losses, and was satisfied that the level of allowance for expected credit losses for the Group was adequate as of 31 March 2022. |

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

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

The AC also reviewed the independence and objectivity of the external auditors and has reviewed the scope and value of non-audit services provided to the Group by the external auditors, Messrs. Ernst & Young LLP. The aggregate amount of audit fees paid or payable to the external auditors for FY2022 is S$120,000. No non-audit fee was paid to the external auditors during FY2022. The AC was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

# REPORT OF CORPORATE GOVERNANCE

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

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

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

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

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

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

**Whistle Blowing Policy**

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has put in place a Whistleblowing Policy which provides an independent channel where the employees may, in confidence, raise concerns in good faith about plausible improprieties in matters of financial reporting and other matters relating to the Group and its officers directly to the AC. Such Whistleblowing Policy, including its procedures for raising such concerns as well as the whistleblowing communication channel, i.e., email address and residential address (for postage use) of the AC have been clearly communicated to all the employees.

The purpose of the above policy is to ensure independent investigation of such matters raised and for appropriate follow-up action, and to provide assurance on the confidentiality of the identity of the whistle-blower as well as to protect the whistle-blower against adverse and detrimental actions or unfair treatment for whistle blowing in good faith.

For the purpose of reviewing and conducting the investigation on the reported improprieties, the whistleblowing report shall contain as follows:

a. Provide a background and history of the reported improprieties, giving specifics such as names, dates and places where possible; and
b. Set out the reason why you are particularly concern about the situation.

Nonetheless, the anonymous reporting is acceptable by the AC.

The AC is responsible for oversight and monitoring of whistleblowing. The above Whistleblowing Policy and procedures are reviewed by the AC from time to time to ensure that they remain relevant.

No whistle-blowing concerns were reported for FY2022.

# REPORT OF CORPORATE GOVERNANCE

***Internal Audit***

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

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

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

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

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

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

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholders Rights and Conduct of General Meetings

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

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

**Shareholders Rights**

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

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

# REPORT OF CORPORATE GOVERNANCE

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

**Conduct of General Meetings**

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

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

All Directors attended the annual general meeting in respect of FY2021 which held on 26 July 2021.

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

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

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

# REPORT OF CORPORATE GOVERNANCE

***Engagement with Shareholders***

The Group acknowledges the importance of regular communication with shareholders and investors through which shareholders can have an overview of the Group's performance and operation. In line with the continuous disclosure obligations under the Listing Rules of the SGX-ST and the Singapore Companies Act 1967, the Board has established a policy to inform shareholders promptly of all major developments that may have material impact on the Group.

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

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

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

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

Accordingly, the financial results of the Company and the Group were released within 45 days from the half year financial year ended and within the above timeline in respect of the full year financial results i.e. 27 May 2022 in respect of FY2022.

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

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

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

The Company does not have a fixed dividend policy but it is committed to achieving sustainable income and growth to enhance total shareholder return. The Group aims to balance cash return to shareholders and investment for sustaining growth, while aiming for an efficient capital structure. The Company strives to provide consistent and sustainable ordinary dividend payments to its shareholders. The Board is recommending S$0.03 per ordinary share for FY2022 as the tax exempt (one-tier) final dividend payable to the shareholders, subject to the approval of shareholders at the forthcoming AGM. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

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

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

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

# REPORT OF CORPORATE GOVERNANCE

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

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

The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations as provided in the Group's FY2022 Sustainability Report, the Company has regularly engaged its stakeholders through various channels to ensure that the business interests of the Group are aligned with those stakeholders, to understand and address the concerns so as to improve services and products standards, as well as to sustain business operations for long-term growth. The Company takes a pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Pertinent information and news are regularly conveyed to the stakeholders through SGXNet.

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

## OTHER CORPORATE GOVERNANCE MATTERS

### DEALING IN SECURITIES

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

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

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

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

### INTERESTED PERSON TRANSACTIONS

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

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

# REPORT OF CORPORATE GOVERNANCE

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

The Company had obtained a shareholders mandate for interested person transactions on 12 February 2016. Details of the interested person transactions for FY2022 as required pursuant to Rule 907 of the Listing Manual of SGX-ST are as follows:-

| Name of interested person | Nature of relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) |
|---|---|---|---|
| ** Hong Kong Lava Technology Limited ("**Hong Kong Lava**") | As associate to the Company's controlling shareholder, Mr. Wang Wei under Chapter 9 of the Listing Rules. | – | S$6,299,667 |

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

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

## MATERIAL CONTRACTS

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

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

## CORPORATE DISCLOSURE

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

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Loh Yih and Neo Gim Kiong are the Directors seeking re-election pursuant to the Articles 107 and 108 of the Company's Constitution at the forthcoming AGM (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

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

| | **LOH YIH** | **NEO GIM KIONG** |
|---|---|---|
| Date of Appointment | 12 May 2005 | 1 July 2004 |
| Date of last re-appointment/re-election (if applicable) | 26 July 2021 | 26 July 2021 |
| Age | 58 | 52 |
| Country of principal residence | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution, performance, attendance, preparedness, participation, candour and suitability for the following re-election of Directors of the Company:<br><br>1) Loh Yih – Non-Executive, Lead Independent Director; and<br>2) Neo Gim Kiong – Non-Executive, Independent Director<br><br>The Board has reviewed and concluded that Loh Yih and Neo Gim Kiong possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Executive, Lead Independent Director,<br><br>Chairman of the Audit Committee and Remuneration Committee,<br><br>Member of the Nominating Committee. | Non-Executive, Independent Director,<br><br>Chairman of Nominating Committee,<br><br>Member of the Audit Committee and Remuneration Committee. |
| Professional qualifications | Bachelor Degree in Accountancy (Honours) from National University of Singapore (NUS) | Bachelor of Science Degree in Mathematics with Honours from the National University of Singapore (NUS) |
| Working experience and occupation(s) during the past 10 years | • 2018 to Present<br>Executive Director and Managing Director of Acesian Partners Limited<br><br>• 2013 to 2018<br>Executive Director and Chairman of Acesian Partners Limited | • 2015 to Present<br>Chief Executive Officer of Sen Yue Holdings Ltd<br><br>• 2004 to Present<br>Founding Director of Bizmen Corporation Pte Ltd and Dollar Tree Inc Pte Ltd |
| Shareholding interest in the listed issuer and its subsidiaries | Direct interest:<br>4,500,000 ordinary shares (3.97%) | Direct interest:<br>3,094,100 ordinary shares (2.73%) |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | None | None |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | LOH YIH | NEO GIM KIONG |
|---|---|---|
| Conflict of Interest (including any competing business) | None | None |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |
| Other Principal Commitments* including Directorships#<br>* "Principal Commitments" has the same meaning as defined in the Code.<br># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9) | Yes | Yes |
| Past (for the last 5 years) | • Trek2000 International Ltd<br>• Weichai Power Co., Limited<br>• International Press Softcom Limited (now known as IPSCOM Pte. Ltd.) | • Audion Innovision Pty Ltd<br>• Trek2000 International Ltd<br>• Ban Leong Technologies Australia Pty Ltd<br>• Gifted and Talented Education Pte. Ltd.<br>• Astaka Holdings Limited<br>• International Press Softcom Limited (now known as IPSCOM Pte. Ltd.)<br>• Sen Yue Holdings Limited |
| Present | • MGF Management Pte Ltd<br>• Cavangh Group Pte Ltd<br>• Acesian Partners Limited<br>• MGF Capital Limited<br>• Shandong Heavy Industry Group<br>• Memontum Pte Ltd<br>• Pillocomm Pte Ltd | • Dollar Tree Inc Pte Ltd<br>• Bizmen Corporation Pte. Ltd.<br>• AV Labs International Pte. Ltd.<br>• BLC (China) Ltd<br>• SYH E-Waste Management Pte. Ltd.<br>• SYH Resources Pte. Ltd.<br>• PNE-Sino Pte Ltd<br>• Acesian Partners Limited<br>• PNE Micron Engineering Sdn. Bhd.<br>• PNE Marvellous Sdn. Bhd.<br>• CED System Sdn. Bhd.<br>• Hong Nam Industry (M) Sdn. Bhd.<br>• PNE Micron (Kuala Lumpur) Sdn. Bhd.<br>• PNE Precision Sdn. Bhd.<br>• Macore Technology (M) Sdn. Bhd.<br>• SMC Industrial (HK) Limited<br>• SMC Industrial (UK) Co Ltd |
| **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.** | | |
| a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | LOH YIH | NEO GIM KIONG |
|---|---|---|
| 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 | No |
| g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |
| i) Whether he has ever been the subject of any order, 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 | No |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | LOH YIH | NEO GIM KIONG |
|---|---|---|
| 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 | Yes [3] | Yes [3] [4] |
| ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No |
| iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No |
| iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No |
| k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | Yes[5] |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | LOH YIH | NEO GIM KIONG |
|---|---|---|
| **Disclosure applicable to the appointment of Director only** | | |
| Any prior experience as a director of a listed company?<br><br>If yes, please provide details of prior experience.<br><br>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.<br><br>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | N/A | N/A |

1 The wholly-owned subsidiary of Acesian Partners Limited, Acesian Star (S) Pte. Ltd. ("ASPL") is under liquidation by an Order of Court made on 12 October 2020.

2 Sen Yue Holdings Ltd ("SYH") is under judicial management, granted by the Court on 10 May 2021. Mr. Neo Gim Kiong was the Executive Director of SYH.

3 Mr. Loh Yih was an Independent Non-Executive Director and a member of the Audit Committee of Trek 2000 International Limited ("Trek2000") from May 2017 to May 2018. He assisted in the investigations of suspicious transactions and management irregularities in Trek2000. Subsequently, he resigned on 8 May 2018. Mr. Neo Gim Kiong was an Independent Non-Executive Director of Trek2000 from July 2017 and he retired in April 2018.

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

5 Around 2013, Neo Gim Kiong was investigated by CAD regarding his involvement for the non-compliance of Section 162 of the Companies Act 1967 in relation to the grant of staff loan to a director of a subsidiary of a Singapore Listed company around October 2009 without prior shareholder approval of that subsidiary. Neo Gim Kiong was the Chief Executive Officer of the listed company at the relevant time. The staff loan was a sum of S$50,000, which was granted to that subsidiary's director to pay for medical expenses of his mother, was granted with joint approval of the Chairman of the board of listed company in accordance with the authority approval matrix of the listed company, and the Group Financial Controller/Company Secretary was also involved in handling the procedures relating to the loan. The staff loan was repaid in full by the relevant director in May 2010. Neo Gim Kiong was issued with a letter of warning by CAD in January 2014 in relation to the same. No charges were filed.

# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2022.

## 1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

## 2. DIRECTORS

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

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

## 3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

## 4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| | At the beginning of financial year | At the end of financial year | At the beginning of financial year | At the end of financial year |
| **Ban Leong Technologies Limited** | | | | |
| ***Ordinary shares*** | | | | |
| Ronald Teng Woo Boon | 26,662,000 | 26,768,000 | 3,400,000 [1] | 3,400,000 |
| Loh Yih | 4,500,000 | 4,500,000 | – | – |
| Neo Gim Kiong | 3,094,100 | 3,094,100 | – | – |
| Lo Yew Seng | 1,506,000 | 1,506,000 | – | – |

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

# DIRECTORS' STATEMENT

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2022.

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

## 5. OPTIONS

No options were issued by the Company or its subsidiaries during the financial year. As at 31 March 2022, there are no options on the unissued shares of the Company or its subsidiaries which are outstanding.

## 6. AUDIT COMMITTEE

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

Loh Yih (Chairman)
Neo Gim Kiong
Lo Yew Seng

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

The audit committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, including the following:

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

# DIRECTORS' STATEMENT

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

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

## 7. AUDITOR

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

On behalf of the Board of Directors:

Ronald Teng Woo Boon
Director

Neo Gim Kiong
Director

Singapore
28 June 2022

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2022

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2022, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

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

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

Allowance for inventory to net realisable value

As at 31 March 2022, the Group's and the Company's net inventories and the allowance for inventory to net realisable value amounted to S$30.0 million (Company: S$17.4 million) and S$0.4 million (Company: S$19,800) respectively. The allowance for inventory net realisable value relates to finished goods written down to estimated recoverable value due to rapid technological changes and consumption patterns. We focused on this area as inventory carrying amount is material to the financial statements, and the determination of inventory net realisable value requires a high level of management judgement, especially during the current COVID-19 pandemic.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2022

## Key Audit Matters (cont'd)

Allowance for inventory to net realisable value (cont'd)

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

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

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

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2022

## Key Audit Matters (cont'd)

Assessment of expected credit losses of trade receivables

As at 31 March 2022, the Group's and the Company's trade receivables after allowance for expected credit losses ("ECL") amounted to S$25.7 million (Company: S$17.4 million) and S$0.3 million (Company: S$0.2 million) respectively. The Company's trade receivables balance includes amounts due from subsidiaries of S$1.1 million.

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2022

## Key Audit Matters (cont'd)

Assessment of expected credit losses of trade receivables (cont'd)

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

## Other Information

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

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

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

## Responsibilities of Management and Directors for the Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2022

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

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

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

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

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

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Hah Yanying.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
28 June 2022

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2022

| | Notes | Group 2022 $ | Group 2021 $ |
|---|---|---|---|
| Revenue | 4 | 225,568,505 | 182,681,580 |
| Cost of sales | | (201,101,008) | (162,649,686) |
| **Gross profit** | | 24,467,497 | 20,031,894 |
| Other income | | 684,171 | 1,844,563 |
| Allowance for expected credit losses | | (108,000) | (110,901) |
| Selling and distribution expenses | | (8,733,714) | (7,387,984) |
| General and administrative expenses | | (6,247,535) | (6,439,917) |
| **Profit from operating activities before foreign exchange** | | 10,062,419 | 7,937,655 |
| Foreign exchange gain, net | | 1,304,337 | 877,071 |
| **Profit from operating activities** | | 11,366,756 | 8,814,726 |
| Finance costs | 5 | (130,357) | (93,334) |
| Finance income | 5 | 5,926 | 12,090 |
| **Profit before tax** | 6 | 11,242,325 | 8,733,482 |
| Income tax expense | 8 | (1,836,099) | (1,459,009) |
| **Profit for the year** | | 9,406,226 | 7,274,473 |
| **Profit attributable to:** | | | |
| **Owners of the Company** | | | |
| Profit, net of tax | | 9,032,739 | 7,026,635 |
| **Non-controlling interests** | | | |
| Profit, net of tax | | 373,487 | 247,838 |
| **Profit for the year** | | 9,406,226 | 7,274,473 |
| **Other comprehensive income:** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation | | (334,107) | 154,326 |
| **Other comprehensive income for the year, net of tax** | | (334,107) | 154,326 |
| Total comprehensive income for the year, net of tax | | 9,072,119 | 7,428,799 |
| **Total comprehensive income attributable to:** | | | |
| **Owners of the Company** | | | |
| Total comprehensive income, net of tax | | 8,810,389 | 7,203,045 |
| **Non-controlling interests** | | | |
| Total comprehensive income, net of tax | | 261,730 | 225,754 |
| **Total comprehensive income for the year, net of tax** | | 9,072,119 | 7,428,799 |
| **Earnings per share (cents per share)** | | | |
| Basic and diluted | 9 | 7.94 | 6.17 |

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

# BALANCE SHEETS

As at 31 March 2022

| | Notes | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | | $ | $ | $ | $ |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 11 | 781,891 | 890,252 | 537,991 | 755,628 |
| Right-of-use assets | 12 | 1,863,667 | 2,438,366 | 1,248,899 | 1,893,247 |
| Investment in subsidiaries | 13 | – | – | 639,938 | 591,410 |
| Investment in unquoted equity shares | 14 | – | – | – | – |
| Deferred tax assets | 15 | 104,913 | 78,753 | 2,351 | – |
| Intangible assets | 16 | – | – | – | – |
| | | 2,750,471 | 3,407,371 | 2,429,179 | 3,240,285 |
| **Current assets** | | | | | |
| Inventories | 17 | 30,030,105 | 24,754,804 | 17,412,692 | 13,615,523 |
| Prepayments | | 123,821 | 157,164 | 92,158 | 127,650 |
| Trade receivables | 18 | 25,710,018 | 23,214,552 | 17,397,062 | 16,280,162 |
| Other receivables and deposits | 19 | 952,409 | 922,296 | 1,059,213 | 781,495 |
| Cash and cash equivalents | 20 | 19,900,146 | 20,674,918 | 14,973,670 | 14,940,342 |
| | | 76,716,499 | 69,723,734 | 50,934,795 | 45,745,172 |
| **Current liabilities** | | | | | |
| Trade payables | 21 | 20,950,438 | 19,756,316 | 14,579,334 | 11,785,535 |
| Bills payable to banks (unsecured) | 22 | 3,260,017 | 1,370,484 | 1,381,728 | 761,737 |
| Short-term loans | 22 | 400,000 | 600,000 | 400,000 | 600,000 |
| Other payables and accruals | 23 | 7,955,717 | 8,283,061 | 5,357,423 | 6,416,948 |
| Lease liabilities | 12 | 948,284 | 983,515 | 729,449 | 694,603 |
| Income tax payable | | 1,390,657 | 1,142,912 | 1,125,234 | 1,040,497 |
| | | 34,905,113 | 32,136,288 | 23,573,168 | 21,299,320 |
| **Net current assets** | | 41,811,386 | 37,587,446 | 27,361,627 | 24,445,852 |
| **Non-current liabilities** | | | | | |
| Lease liabilities | 12 | 911,013 | 1,529,566 | 538,725 | 1,268,174 |
| Deferred tax liabilities | 15 | – | 35,106 | – | 35,106 |
| | | 911,013 | 1,564,672 | 538,725 | 1,303,280 |
| **Net assets** | | 43,650,844 | 39,430,145 | 29,252,081 | 26,382,857 |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 24(a) | 11,173,106 | 11,173,106 | 11,173,106 | 11,173,106 |
| Returned shares | 24(b) | (104,822) | (104,822) | (104,822) | (104,822) |
| Treasury shares | 24(b) | (757,251) | (586,632) | (757,251) | (586,632) |
| Retained earnings | | 31,516,279 | 26,751,565 | 18,941,048 | 15,901,205 |
| Other reserve | 25 | 65,685 | 65,685 | – | – |
| Foreign currency translation reserve | 25 | (5,905) | 216,445 | – | – |
| | | 41,887,092 | 37,515,347 | 29,252,081 | 26,382,857 |
| **Non-controlling interests** | | 1,763,752 | 1,914,798 | – | – |
| **Total equity** | | 43,650,844 | 39,430,145 | 29,252,081 | 26,382,857 |

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2022

| | Attributable to owners of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | **Share capital** $ | **Returned shares** $ | **Treasury shares** $ | **Retained earnings** $ | **Other reserve** $ | **Foreign currency translation reserve** $ | **Equity attributable to owners of the Company** $ | **Non-controlling interests** $ | **Total equity** $ |
| **Balance as at 1 April 2020** | 11,173,106 | (104,822) | (570,703) | 21,148,186 | 65,685 | 40,035 | 31,751,487 | 2,129,129 | 33,880,616 |
| Profit for the year | – | – | – | 7,026,635 | – | – | 7,026,635 | 247,838 | 7,274,473 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation | – | – | – | – | – | 176,410 | 176,410 | (22,084) | 154,326 |
| Total comprehensive income for the year | – | – | – | 7,026,635 | – | 176,410 | 7,203,045 | 225,754 | 7,428,799 |
| Purchase of treasury shares | – | – | (15,929) | – | – | – | (15,929) | – | (15,929) |
| Dividends (Note 26(a)) | – | – | – | (1,423,256) | – | – | (1,423,256) | (440,085) | (1,863,341) |
| **Balance as at 31 March 2021 and 1 April 2021** | 11,173,106 | (104,822) | (586,632) | 26,751,565 | 65,685 | 216,445 | 37,515,347 | 1,914,798 | 39,430,145 |
| Profit for the year | – | – | – | 9,032,739 | – | – | 9,032,739 | 373,487 | 9,406,226 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation | – | – | – | – | – | (222,350) | (222,350) | (111,757) | (334,107) |
| Total comprehensive income for the year | – | – | – | 9,032,739 | – | (222,350) | 8,810,389 | 261,730 | 9,072,119 |
| Purchase of treasury shares | – | – | (170,619) | – | – | – | (170,619) | – | (170,619) |
| Dividends (Note 26(a)) | – | – | – | (4,268,025) | – | – | (4,268,025) | (412,776) | (4,680,801) |
| **Balance as at 31 March 2022** | 11,173,106 | (104,822) | (757,251) | 31,516,279 | 65,685 | (5,905) | 41,887,092 | 1,763,752 | 43,650,844 |

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

# STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2022

| | Share capital | Returned shares | Treasury shares | Retained earnings | Total equity |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Company** | | | | | |
| **Balance as at 1 April 2020** | 11,173,106 | (104,822) | (570,703) | 9,865,016 | 20,362,597 |
| Profit for the year, representing total comprehensive income for the year | – | – | – | 7,459,445 | 7,459,445 |
| Purchase of treasury shares | – | – | (15,929) | – | (15,929) |
| Dividends (Note 26(a)) | – | – | – | (1,423,256) | (1,423,256) |
| **Balance as at 31 March 2021 and 1 April 2021** | 11,173,106 | (104,822) | (586,632) | 15,901,205 | 26,382,857 |
| Profit for the year, representing total comprehensive income for the year | – | – | – | 7,307,868 | 7,307,868 |
| Purchase of treasury shares | – | – | (170,619) | – | (170,619) |
| Dividends (Note 26(a)) | – | – | – | (4,268,025) | (4,268,025) |
| **Balance as at 31 March 2022** | 11,173,106 | (104,822) | (757,251) | 18,941,048 | 29,252,081 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

| | Notes | Group 2022 $ | Group 2021 $ |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax | | 11,242,325 | 8,733,482 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment and right-of-use assets | 6 | 1,423,349 | 1,378,127 |
| Gain on disposal of property, plant and equipment | 6 | (17,296) | (221) |
| Allowance for expected credit losses | 6 | 108,000 | 110,901 |
| Allowance for inventory to net realisable value | 6 | 328,475 | 255,148 |
| Finance costs | 5 | 130,357 | 93,334 |
| Interest income | 5 | (5,926) | (12,090) |
| Loss on de-registration of subsidiary | 6 | – | 143,870 |
| Lease modification | | (4,781) | – |
| Currency alignment | | (547,875) | (400,541) |
| **Operating profit before working capital changes** | | 12,656,628 | 10,302,010 |
| (Increase)/decrease in: | | | |
| Inventories | | (5,603,776) | (3,873,731) |
| Prepayments | | 33,343 | 49,076 |
| Trade receivables | | (2,603,466) | (1,265,554) |
| Other receivables and deposits | | (30,113) | 1,544,608 |
| Increase/(decrease) in: | | | |
| Trade payables | | 1,194,122 | 2,165,861 |
| Other payables and accruals | | (327,344) | 720,339 |
| **Cash generated from operations** | | 5,319,394 | 9,642,609 |
| Interest paid | | (130,357) | (93,334) |
| Interest received | | 5,926 | 12,090 |
| Income tax paid | | (1,649,619) | (1,036,696) |
| **Net cash flows generated from operating activities** | | 3,545,344 | 8,524,669 |
| **Investing activities** | | | |
| Cash received from redemption of convertible note | | – | 2,000,000 |
| Proceeds from disposal of property, plant and equipment | | 29,951 | 26,778 |
| Purchase of property, plant and equipment | | (345,333) | (124,389) |
| **Net cash flows (used in)/generated from investing activities** | | (315,382) | 1,902,389 |
| **Financing activities** | | | |
| Bills payable to banks (unsecured), net | | 1,889,533 | 596,832 |
| Repayment of short-term loans, net | | (200,000) | (2,750,000) |
| Additions of right-of-use assets and lease liabilities | | (40,238) | – |
| Repayment of principal portion of lease liabilities | | (1,022,665) | (973,682) |
| Purchase of treasury shares | | (170,619) | (15,929) |
| Dividends paid to shareholders | 26(a) | (4,268,025) | (1,423,256) |
| **Net cash flows used in financing activities** | | (3,812,014) | (4,566,035) |
| **Net (decrease)/increase in cash and cash equivalents** | | (582,052) | 5,861,023 |
| Effects of exchange rate changes on cash and cash equivalents | | (192,720) | (28,246) |
| **Cash and cash equivalents at the beginning of year** | | 20,674,918 | 14,842,141 |
| **Cash and cash equivalents at the end of year** | 20 | 19,900,146 | 20,674,918 |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 1. CORPORATE INFORMATION

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 *Basis of preparation*

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

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

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

### 2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

### 2.3 *Standards issued but not yet effective*

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

| Description | Effective for annual periods beginning on or after |
|---|---|
| Annual Improvements to SFRS(I)s 2018-2020 | 1 January 2022 |
| Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 |
| Amendments to SFRS(I) 1-16 *Property, Plant and Equipment*: Proceeds before Intended Use | 1 January 2022 |
| Amendments to SFRS(I) 3: Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current* | 1 January 2023 |
| SFRS(I) 17 *Insurance Contracts* | 1 January 2023 |
| Amendments to SFRS(I) 17 | 1 January 2023 |
| Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* | 1 January 2023 |
| Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates* | 1 January 2023 |
| Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* | 1 January 2023 |
| Amendments to SFRS(I)17: *Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information* | 1 January 2023 |
| Amendments to SFRS(I) 10 and SFRS (I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | To be determined |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

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

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

(b) *Business combinations and goodwill*

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill (cont'd)*

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

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

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

### 2.5 *Transactions with non-controlling interests*

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

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

### 2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.6 *Foreign currency (cont'd)*

(b) *Consolidated financial statements*

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

### 2.7 *Property, plant and equipment*

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

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

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

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

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

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

### 2.8 *Leases*

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

**Group as a lessee**

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.8 *Leases (cont'd)*

**Group as a lessee (cont'd)**

Right-of-use assets

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

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

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

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.8 *Leases (cont'd)*

**Group as a lessor**

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

### 2.9 *Subsidiaries*

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

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

### 2.10 *Intangible assets*

*Trademarks*

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

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

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

### 2.11 *Impairment of non-financial assets*

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.12 *Financial instruments*

**(a) Financial assets**

*Initial recognition and measurement*

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

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

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

*Subsequent measurement*

Investments in debt instruments

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

(i) Amortised cost

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

(ii) Fair value through profit or loss

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

Investments in equity instruments

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.12 *Financial instruments (cont'd)*

**(a) Financial assets (cont'd)**

*Derecognition*

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

**(b) Financial liabilities**

*Initial recognition and measurement*

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

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

*Subsequent measurement*

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

*Derecognition*

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

### 2.13 Impairment of financial assets

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.13 *Impairment of financial assets (cont'd)*

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

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

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

### 2.14 *Cash and cash equivalents*

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

### 2.15 *Inventories*

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

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

### 2.16 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.17 *Government grants*

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

*Government grants related to income*

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

### 2.18 *Share capital and share issuance expenses*

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

### 2.19 *Returned and treasury shares*

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

### 2.20 *Borrowing costs*

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

### 2.21 *Revenue*

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

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

(a) *Sale of goods*

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

(b) *Interest income*

Interest income is recognised using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.22 *Employee benefits*

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

### 2.23 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.23 *Taxes (cont'd)*

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

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

(c) *Sales tax*

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 2.24 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### 3.1 *Judgements made in applying accounting policies*

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

### 3.2 *Key sources of estimation uncertainty*

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

(i) *Allowance for inventory to net realisable value*

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

The carrying amount of the Group's inventories as of 31 March 2022 is disclosed in Note 17 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

### 3.2 *Key sources of estimation uncertainty (cont'd)*

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

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

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

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

The carrying amount of the Group's trade receivables as at 31 March 2022 is disclosed in Note 18 to the financial statements.

(iii) *Income taxes*

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

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable at the end of the reporting period was $1,390,657 (2021: $1,142,912). The carrying amount of the Group's deferred tax assets and deferred tax liabilities at the end of the reporting period was $104,913 (2021: $78,753) and $Nil (2021: $35,106) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 4. REVENUE

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

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| **Operating segments** | | |
| IT accessories | 104,472,253 | 85,258,399 |
| Multimedia | 118,695,956 | 95,742,925 |
| Data storage | 2,400,296 | 1,680,256 |
| | 225,568,505 | 182,681,580 |
| **Geographical segments** | | |
| Singapore | 162,541,088 | 130,082,140 |
| Malaysia | 37,362,161 | 28,932,394 |
| Thailand | 15,807,285 | 13,739,014 |
| Asia [1] | 9,563,046 | 9,526,835 |
| Others [2] | 294,925 | 401,197 |
| | 225,568,505 | 182,681,580 |
| **Timing of transfer of goods or services** | | |
| At a point in time | 225,568,505 | 182,681,580 |

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

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

## 5. FINANCE (COSTS)/INCOME

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Interest expense on: | | |
| - bills payable to banks and short-term loans | (60,300) | (13,337) |
| - lease liabilities | (70,057) | (79,997) |
| | (130,357) | (93,334) |
| Interest income on bank balances | 5,926 | 12,090 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 6. PROFIT BEFORE TAX

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

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Audit fees | | |
| - auditors of the Company | 120,000 | 114,000 |
| - other auditors | 28,555 | 28,764 |
| Depreciation of property, plant and equipment and right of use assets | 1,423,349 | 1,378,127 |
| Gain on disposal of property, plant and equipment | (17,296) | (221) |
| Allowance for inventory to net realisable value | 328,475 | 255,148 |
| Allowance for expected credit losses | 108,000 | 117,688 |
| Employee benefits expense (Note 7) | 11,117,143 | 9,847,670 |
| Directors' fees | 119,000 | 119,000 |
| Foreign exchange gain, net | (1,304,337) | (877,071) |
| Operating lease expenses | 226,524 | 172,506 |
| Interest income from investment in convertible note | – | (34,520) |
| Government grants | (613,881) | (1,671,398) |
| Loss on de-registration of investment in subsidiary | – | 143,870 |

Included in government grants are COVID-19-related rent concessions amounting to $Nil (2021: $16,593) and COVID-19 wage support amounting to $65,183 (2021: $1,173,946).

## 7. EMPLOYEE BENEFITS EXPENSE

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Salaries and bonuses | 7,698,326 | 7,609,708 |
| Defined contribution plans | 971,596 | 896,712 |
| Commissions | 2,158,195 | 1,085,490 |
| Other short-term benefits | 289,026 | 255,760 |
| | 11,117,143 | 9,847,670 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 8. INCOME TAX EXPENSE

(a) ***Major components of income tax expense***

The major components of income tax expense for the financial years ended 31 March 2022 and 2021 are:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| **Current income tax:** | | |
| - current income taxation | 2,054,490 | 1,526,116 |
| - (Over)/under provision in respect of previous years | (157,125) | 3,931 |
| | 1,897,365 | 1,530,047 |
| **Deferred income tax (Note 15):** | | |
| - origination and reversal of temporary differences | (70,333) | (93,393) |
| - Under provision in respect of previous years | 9,067 | 22,355 |
| | (61,266) | (71,038) |
| Income tax expense recognised in consolidated statement of comprehensive income | 1,836,099 | 1,459,009 |

(b) ***Relationship between tax expense and accounting profit***

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2022 and 2021 is as follows:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Profit before tax | 11,242,325 | 8,733,482 |
| Tax calculated at tax rates of 17% (2021: 17%) | 1,911,195 | 1,484,692 |
| Adjustments: | | |
| Non-deductible expenses | 31,317 | 47,624 |
| Income not subject to tax | (91,322) | (215,979) |
| Effect of partial tax exemption and tax relief | (34,850) | (24,273) |
| Effect of different tax rates in other countries | 165,039 | 157,385 |
| (Over)/under provision in respect of previous years | (148,058) | 26,286 |
| Others | 2,778 | (16,726) |
| Income tax expense recognised in consolidated statement of comprehensive income | 1,836,099 | 1,459,009 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 8. INCOME TAX EXPENSE (CONT'D)

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

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

| | Corporate tax rate | |
|---|---|---|
| **Country** | **2022** | **2021** |
| | **%** | **%** |
| Malaysia | 24 | 24 |
| Thailand | 20 | 20 |
| China | 25 | 25 |

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

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

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

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$** | **$** |
| Profit for the year attributable to owners of the Company | 9,032,739 | 7,026,635 |

| | **No. of shares** | **No. of shares** |
|---|---|---|
| Weighted average number of ordinary shares for basic and diluted earnings per share computation | 113,758,763 | 113,886,014 |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 10. RELATED PARTY TRANSACTIONS

(a) ***Sales and purchase of goods and services***

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

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Service fee rendered to non-controlling interest of a subsidiary | 522 | 2,818 |

(b) ***Compensation of key management personnel***

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Salaries and bonuses | 2,304,307 | 2,021,098 |
| Directors' fees | 119,000 | 119,000 |
| Defined contributions plans | 64,856 | 78,301 |
| Other staff costs | 28,141 | 34,869 |
| Total compensation paid to key management personnel | 2,516,304 | 2,253,268 |
| **Comprise amounts paid to:** | | |
| Directors of the Company | 1,132,072 | 894,021 |
| Other key management personnel | 1,384,232 | 1,359,247 |
| | 2,516,304 | 2,253,268 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 11. PROPERTY, PLANT AND EQUIPMENT

| Group | Computers* | Office equipment | Furniture and fittings | Motor vehicles | Renovation | Warehouse equipment | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| **Cost** | | | | | | | |
| At 1 April 2020 | 1,331,184 | 727,622 | 589,383 | 1,292,815 | 687,705 | 141,308 | 4,770,017 |
| Additions | 71,178 | 19,914 | 1,345 | 31,516 | – | 436 | 124,389 |
| Disposals/written-off | (3,021) | (1,498) | (92) | (44,652) | – | – | (49,263) |
| Exchange differences | (1,922) | 120 | (3,339) | (2,520) | (1,052) | (1,262) | (9,975) |
| At 31 March 2021 and 1 April 2021 | 1,397,419 | 746,158 | 587,297 | 1,277,159 | 686,653 | 140,482 | 4,835,168 |
| Additions | 53,621 | 18,034 | 62,555 | 88,116 | 87,583 | 35,424 | 345,333 |
| Disposals/written-off | (78,293) | (12,308) | (3,861) | (72,781) | (20,630) | – | (187,873) |
| Exchange differences | (3,194) | (8,154) | (5,126) | (9,857) | (3,343) | (6,060) | (35,734) |
| At 31 March 2022 | 1,369,553 | 743,730 | 640,865 | 1,282,637 | 750,263 | 169,846 | 4,956,894 |
| **Accumulated depreciation** | | | | | | | |
| At 1 April 2020 | 961,448 | 553,805 | 471,097 | 989,554 | 451,283 | 106,742 | 3,533,929 |
| Charge for the year | 183,754 | 52,439 | 29,591 | 111,987 | 54,325 | 10,730 | 442,826 |
| Disposals/written-off | (3,021) | (1,498) | (92) | (18,095) | – | – | (22,706) |
| Exchange differences | (1,821) | (1,520) | (1,292) | (2,549) | (919) | (1,032) | (9,133) |
| At 31 March 2021 and 1 April 2021 | 1,140,360 | 603,226 | 499,304 | 1,080,897 | 504,689 | 116,440 | 3,944,916 |
| Charge for the year | 159,628 | 52,144 | 31,646 | 108,130 | 59,014 | 24,348 | 434,910 |
| Disposals/written-off | (78,293) | (12,308) | (3,525) | (60,462) | (20,630) | – | (175,218) |
| Exchange differences | (2,993) | (7,030) | (4,698) | (7,400) | (2,745) | (4,739) | (29,605) |
| At 31 March 2022 | 1,218,702 | 636,032 | 522,727 | 1,121,165 | 540,328 | 136,049 | 4,175,003 |
| **Net carrying amount** | | | | | | | |
| At 31 March 2021 | 257,059 | 142,932 | 87,993 | 196,262 | 181,964 | 24,042 | 890,252 |
| At 31 March 2022 | 150,851 | 107,698 | 118,138 | 161,472 | 209,935 | 33,797 | 781,891 |

* Included in computers is software with net book value of $108,916 (2021: $204,566).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

| Company | Computers* | Office equipment | Furniture and fittings | Motor vehicles | Renovation | Warehouse equipment | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| **Cost** | | | | | | | |
| At 1 April 2020 | 1,029,980 | 560,510 | 465,583 | 1,067,271 | 586,693 | 36,909 | 3,746,946 |
| Additions | 55,978 | 8,492 | – | – | – | 436 | 64,906 |
| Disposal | – | – | – | (44,652) | – | – | (44,652) |
| At 31 March 2021 and 1 April 2021 | 1,085,958 | 569,002 | 465,583 | 1,022,619 | 586,693 | 37,345 | 3,767,200 |
| Additions | 43,111 | 1,344 | – | 88,116 | – | 34,906 | 167,477 |
| Disposal | – | – | – | (72,781) | – | – | (72,781) |
| At 31 March 2022 | 1,129,069 | 570,346 | 465,583 | 1,037,954 | 586,693 | 72,251 | 3,861,896 |
| **Accumulated depreciation** | | | | | | | |
| At 1 April 2020 | 686,706 | 417,036 | 357,135 | 784,877 | 367,863 | 36,680 | 2,650,297 |
| Charge for the year | 159,802 | 38,936 | 25,649 | 104,450 | 50,171 | 500 | 379,508 |
| Disposal | – | – | – | (18,233) | – | – | (18,233) |
| At 31 March 2021 and 1 April 2021 | 846,508 | 455,972 | 382,784 | 871,094 | 418,034 | 37,180 | 3,011,572 |
| Charge for the year | 146,237 | 38,670 | 25,553 | 97,265 | 50,171 | 14,899 | 372,795 |
| Disposal | – | – | – | (60,462) | – | – | (60,462) |
| At 31 March 2022 | 992,745 | 494,642 | 408,337 | 907,897 | 468,205 | 52,079 | 3,323,905 |
| **Net carrying amount** | | | | | | | |
| At 31 March 2021 | 239,450 | 113,030 | 82,799 | 151,525 | 168,659 | 165 | 755,628 |
| At 31 March 2022 | 136,324 | 75,704 | 57,246 | 130,057 | 118,488 | 20,172 | 537,991 |

* Included in computers is software with net book value of $107,610 (2021: 199,615).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 12. LEASES

### Group and Company as a lessee

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

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

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

| Group | Office and Warehouse Premises | Motor Vehicles | Office equipment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| At 1 April 2020 | 2,794,151 | 26,420 | 124,030 | 2,944,601 |
| Additions | 430,156 | – | – | 430,156 |
| Charge for the year | (907,487) | (6,321) | (21,493) | (935,301) |
| Currency realignment | (868) | (222) | – | (1,090) |
| At 31 March 2021 and 1 April 2021 | 2,315,952 | 19,877 | 102,537 | 2,438,366 |
| Additions | 506,755 | – | – | 506,755 |
| Lease modification | (80,251) | – | – | (80,251) |
| Charge for the year | (960,705) | (6,241) | (21,493) | (988,439) |
| Currency realignment | (12,601) | (163) | – | (12,764) |
| At 31 March 2022 | 1,769,150 | 13,473 | 81,044 | 1,863,667 |

| Company | Office and Warehouse Premises | Office equipment | Total |
|---|---|---|---|
| | $ | $ | $ |
| At 1 April 2020 | 2,413,565 | 124,030 | 2,537,595 |
| Charge for the year | (622,855) | (21,493) | (644,348) |
| At 31 March 2021 and 1 April 2021 | 1,790,710 | 102,537 | 1,893,247 |
| Charge for the year | (622,855) | (21,493) | (644,348) |
| At 31 March 2022 | 1,167,855 | 81,044 | 1,248,899 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 12. LEASES (CONT'D)

### Group and Company as a lessee (cont'd)

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| At 1 April | 2,513,081 | 3,057,697 | 1,962,777 | 2,656,578 |
| Additions | 466,517 | 433,224 | – | – |
| Lease modification | (85,032) | – | – | – |
| Accretion of interest | 70,057 | 79,997 | 41,988 | 58,996 |
| Payments | (1,092,722) | (1,053,679) | (736,591) | (752,797) |
| Currency realignment | (12,604) | (4,158) | – | – |
| At 31 March | 1,859,297 | 2,513,081 | 1,268,174 | 1,962,777 |
| Current | 948,284 | 983,515 | 729,449 | 694,603 |
| Non-current | 911,013 | 1,529,566 | 538,725 | 1,268,174 |
| At 31 March | 1,859,297 | 2,513,081 | 1,268,174 | 1,962,777 |

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

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

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Depreciation of right-of-use assets | 988,439 | 935,301 |
| Interest expense on lease liabilities | 70,057 | 79,997 |
| Expense relating to short-term leases and cancellable leases (included in other operating expenses) | 226,524 | 172,506 |
| **Total amount recognised in consolidated statement of comprehensive income** | 1,285,020 | 1,187,804 |

The Group had total cash outflow for leases of $1,319,246 (2021: $1,226,185) in 2022.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 13. INVESTMENT IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| **Unquote d equity shares, at cost** | | |
| At 1 April | 1,151,236 | 1,151,236 |
| Additions | 48,528 | – |
| | 1,199,764 | 1,151,236 |
| Less: Impairment loss | (559,826) | (559,826) |
| At 31 March | 639,938 | 591,410 |

During the year, there was an additional investment of $48,528 in Ban Leong Technologies Sdn Bhd.

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

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

Details of the subsidiaries are as follows:

| Name | Country of incorporation | Principal activities | Proportion of ownership interest | |
|---|---|---|---|---|
| | | | 2022 | 2021 |
| | | | % | % |
| ***Held by the Company*** | | | | |
| Digital Hub Pte. Ltd. ("DHPL") [1] | Singapore | Distribution of computer peripherals and accessories | 100 | 100 |
| Ban Leong Technologies Sdn Bhd ("BLTM") [2] | Malaysia | Distribution of computer peripherals and accessories | 100 | 100 |
| Ban Leong Chin Inter Co., Ltd ("BLCI") [3] | Thailand | Distribution of computer peripherals and accessories | 60 | 60 |
| Ban Leong Technologies Australia Pty Ltd ("BLTA") [4,5] | Australia | Investment holding | – | – |
| 宇扬(上海)投资咨询有限公司 (BLC (China) Limited) ("BLC") [4] | China | Distribution of corporate gift cards | 100 | 100 |
| AV Labs International Pte Ltd ("AV Labs") [4,6] | Singapore | Marketing and distribution of computer and hardware | 100 | 100 |

1 Audited by Ernst & Young LLP, Singapore
2 Audited by Ernst & Young, Malaysia
3 Audited by Thiwan Auditing Office, Certified Accountant in Thailand
4 Unaudited management account is used for consolidation purposes
5 BLTA has been deregistered in June 2020
6 Audited by PromptAudit PAC, Singapore

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 13. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

| Name of subsidiary | Principal place of business | Proportion of ownership interest held by NCI | Profit allocated to NCI during the reporting period | Accumulated NCI at the end of reporting period | Foreign currency translation allocated to NCI |
|---|---|---|---|---|---|
| **2022** | | | | | |
| Ban Leong Chin Inter Co., Ltd ("BLCI") | Thailand | 40% | 373,487 | 1,763,752 | (111,757) |
| **2021** | | | | | |
| Ban Leong Chin Inter Co., Ltd ("BLCI") | Thailand | 40% | 247,838 | 1,914,798 | (22,084) |

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

| | 2022 $ | 2021 $ |
|---|---|---|
| **Summarised statement of comprehensive income** | | |
| Revenue | 15,799,644 | 13,735,100 |
| Profit before tax | 1,155,335 | 776,655 |
| Income tax expense | (221,617) | (157,059) |
| Profit for the year | 933,718 | 619,596 |
| Other comprehensive income | (279,393) | (55,211) |
| | 654,325 | 564,385 |
| **Summarised balance sheet** | | |
| Current assets | 6,927,876 | 6,277,690 |
| Current liabilities | (2,628,624) | (1,725,664) |
| Net current assets | 4,299,252 | 4,552,026 |
| Non-current assets | 110,129 | 276,079 |
| Non-current liabilities | – | (41,107) |
| Net assets | 4,409,381 | 4,786,998 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 14. INVESTMENT IN UNQUOTED EQUITY SHARES

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| *At fair value through profit or loss* | | |
| - Equity securities (unquoted) | – | – |

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

As at 31 March 2022, the fair value of the unquoted equity securities approximates $Nil (2021: $Nil) based on the going concern assessment of the investee which has been loss making and in net liabilities position.

## 15. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax as at 31 March relates to the following:

| Group | Consolidated balance sheet | | Consolidated income statement | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Deferred tax assets | | | | |
| - provisions | 165,725 | 80,118 | (85,607) | (58,523) |
| - other items | (60,812) | (1,365) | 59,447 | 10,045 |
| | 104,913 | 78,753 | (26,160) | (48,478) |
| Deferred tax liabilities | | | | |
| - difference in depreciation for tax purposes | – | (35,106) | (35,106) | (22,560) |
| Deferred income tax credit | | | (61,266) | (71,038) |

| Company | Balance sheet | | | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Deferred tax assets | | | | |
| - provisions | 49,243 | – | (49,243) | – |
| - other items | (46,892) | – | 46,892 | – |
| | 2,351 | – | (2,351) | – |
| Deferred tax liabilities | | | | |
| - difference in depreciation for tax purposes | – | (35,106) | (35,106) | 22,560 |
| Deferred income tax expenses | | | (37,457) | 22,560 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 15. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2021: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of overseas subsidiaries as the Group has determined that undistributed earnings of its overseas subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax has been recognised aggregate to $4,385,000 (2021: $4,484,000). The deferred tax liability is estimated to be $439,000 (2021: $448,000).

Tax consequences of proposed dividends

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

## 16. INTANGIBLE ASSETS

| Group | Trademark |
|---|---|
| | $ |
| **Cost:** | |
| At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022 | 176,774 |
| **Accumulated amortisation:** | |
| At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022 | 176,774 |
| **Net carrying amount:** | |
| At 31 March 2021 | – |
| At 31 March 2022 | – |

***Trademarks***

Trademarks were acquired in a business combination. The useful life of trademarks was estimated to be 5 years.

## 17. INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| **Balance sheet:** | | | | |
| Finished goods | 30,030,105 | 24,754,804 | 17,412,692 | 13,615,523 |

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| **Consolidated statement of comprehensive income:** | | |
| Inventories recognised as an expense in cost of sales | 195,154,451 | 157,975,806 |
| Inclusive of the following charge: | | |
| - Inventories written-down | 328,475 | 255,148 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 18. TRADE RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Third parties | 25,973,309 | 23,357,949 | 16,475,155 | 14,720,998 |
| GST receivable | 54,228 | 78,422 | – | 26,676 |
| Amounts due from subsidiaries | – | – | 1,139,017 | 1,680,279 |
| Allowance for expected credit losses | (317,519) | (221,819) | (217,110) | (147,791) |
| | 25,710,018 | 23,214,552 | 17,397,062 | 16,280,162 |

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

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

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| United States dollars | 3,972,915 | 2,957,534 | 4,920,668 | 4,201,333 |
| Malaysian Ringgit | 2,868,222 | 3,423,806 | – | – |
| Thai Baht | 1,908,265 | 1,632,804 | – | – |
| Euro | 6,028 | – | – | – |
| | 8,755,430 | 8,014,144 | 4,920,668 | 4,201,333 |

**Expected credit losses**

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Movement in allowance accounts: | | | | |
| At 1 April | 221,819 | 395,790 | 147,791 | 295,823 |
| Expected credit losses for the year | 108,000 | 117,688 | 72,000 | 72,000 |
| Written off | (12,246) | (291,590) | (2,681) | (220,032) |
| Exchange differences | (54) | (69) | – | – |
| At 31 March | 317,519 | 221,819 | 217,110 | 147,791 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 19. OTHER RECEIVABLES AND DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Other receivables and deposits | | | | |
| Other receivables | 712,626 | 558,716 | 511,233 | 346,265 |
| Right of return assets | 108,499 | 221,919 | 68,939 | 143,678 |
| Deposits | 131,284 | 141,661 | 14,610 | 48,566 |
| Amounts due from subsidiaries | – | – | 464,431 | 242,986 |
| Total | 952,409 | 922,296 | 1,059,213 | 781,495 |

Other receivables include marketing receivables from suppliers.

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

Investment in convertible note

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 20. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Cash at banks and on hand | 19,400,146 | 19,174,918 | 14,473,670 | 13,440,342 |
| Short-term deposits | 500,000 | 1,500,000 | 500,000 | 1,500,000 |
| Cash and cash equivalents | 19,900,146 | 20,674,918 | 14,973,670 | 14,940,342 |

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for three months and earn interest at the rate of 0.5% (2021: 0.05%).

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| United States dollars | 3,310,767 | 2,142,013 | 3,041,966 | 1,894,216 |
| Malaysian ringgit | 803,064 | 1,350,115 | – | – |
| Thai baht | 2,887,796 | 3,250,892 | – | – |
| Australian dollars | 34,289 | 34,895 | 34,289 | 34,895 |
| | 7,035,916 | 6,777,915 | 3,076,255 | 1,929,111 |

## 21. TRADE PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Third parties | 20,841,478 | 19,721,317 | 14,470,374 | 11,785,150 |
| GST payables | 108,960 | 34,999 | 108,960 | – |
| Amount due to a subsidiary | – | – | – | 385 |
| | 20,950,438 | 19,756,316 | 14,579,334 | 11,785,535 |

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 21. TRADE PAYABLES (CONT'D)

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| United States dollars | 11,945,279 | 10,935,363 | 7,972,545 | 5,854,009 |
| Malaysian ringgit | 160,644 | 571,313 | – | – |
| Thai baht | 56,637 | 133,286 | – | – |
| | 12,162,560 | 11,639,962 | 7,972,545 | 5,854,009 |

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

Bills payable to banks have repayment terms of approximately 30 to 120 days. Bills payable to banks bear interest at average rates ranging from 1.63% to 3.15% (2021: 1.36%) per annum.

Short-term loans have repayment terms of approximately 30 to 180 days. Short-term loans bear interest at average rates at 1.63% (2021: 1.3%) per annum.

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

| | 1 April 2021 | Cash flows | Non-cash changes | | | 31 March 2022 |
|---|---|---|---|---|---|---|
| | | | Addition | Accretion of interest | Foreign exchange movement | |
| | $ | $ | $ | $ | $ | $ |
| Bills payable to banks | 1,370,484 | 1,889,533 | – | – | – | 3,260,017 |
| Short-term loans | 600,000 | (200,000) | – | – | – | 400,000 |
| Lease liabilities | 2,513,081 | (1,092,722) | 381,485 | 70,057 | (12,604) | 1,859,297 |
| | 4,483,565 | 596,811 | 381,485 | 70,057 | (12,604) | 5,519,314 |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 23. OTHER PAYABLES AND ACCRUALS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Other payables | 3,479,387 | 4,569,574 | 1,682,098 | 3,323,447 |
| Refund liability | 118,656 | 421,117 | 76,372 | 336,567 |
| Accrued operating expenses | 4,357,674 | 3,292,370 | 3,143,181 | 2,298,148 |
| Amount due to a subsidiary | – | – | 455,772 | 458,786 |
| | 7,955,717 | 8,283,061 | 5,357,423 | 6,416,948 |

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

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

## 24. SHARE CAPITAL, RETURNED AND TREASURY SHARES

(a) ***Share capital***

| | Group and Company | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | No. of shares | $ | No. of shares | $ |
| **Issued and fully paid ordinary share** | | | | |
| At 1 April and 31 March | 117,181,818 | 11,173,106 | 117,181,818 | 11,173,106 |

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

(b) ***Returned and treasury shares***

| | Group and Company | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | No. of shares | $ | No. of shares | $ |
| Returned shares | 681,818 | 104,822 | 681,818 | 104,822 |
| Treasury shares | 3,095,700 | 757,251 | 2,639,500 | 586,632 |
| | 3,777,518 | 862,073 | 3,321,318 | 691,454 |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 24. SHARE CAPITAL, RETURNED AND TREASURY SHARES (CONT'D)

(b) ***Returned and treasury shares*** (cont'd)

The Company acquired 456,200 (2021: 62,500) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $170,619 (2021: $15,929) and this was presented as a component within shareholders' equity.

## 25. FOREIGN CURRENCY TRANSLATION RESERVE AND OTHER RESERVE

***Foreign currency translation reserve***

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

***Other reserve***

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

## 26. DIVIDENDS

| | Group and Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| (a) *Declared and paid during the financial year:* | | |
| Dividends on ordinary shares: | | |
| Interim one-tier tax exempt dividend 31 March 2022: 1.25 cent (31 March 2021: Nil) per share | 1,421,513 | – |
| Final one-tier tax exempt dividend 31 March 2021: 2.5 cent (31 March 2020: 1.25 cent) per share | 2,846,512 | 1,423,256 |
| (b) *Proposed but not recognised as a liability as at 31 March:* | | |
| Final one-tier tax exempt dividend 31 March 2022: 3.0 cent (31 March 2021: 2.5 cent) per share | 3,402,129 | 2,846,513 |

The directors of the Company recommend that a final one-tier tax exempt dividend of 3.0 cent per ordinary share amounting to $3,402,129 to be paid in respect of the financial year ended 31 March 2022. The proposed dividend, which is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, has not been accrued as liability as at 31 March 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 27. FINANCIAL INSTRUMENTS

| | Financial assets carried at amortised cost | Financial liabilities carried at amortised cost | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Group** | | | |
| **2022** | | | |
| **Assets** | | | |
| Trade receivables | 25,655,790 | – | 25,655,790 |
| Other receivables and deposits | 843,910 | – | 843,910 |
| Investment in unquoted equity shares | – | – | – |
| Cash and cash equivalents | 19,900,146 | – | 19,900,146 |
| Total financial assets carried at amortised cost | 46,399,846 | – | 46,399,846 |
| **Liabilities** | | | |
| Trade payables | – | 20,841,478 | 20,841,478 |
| Bills payables to bank (unsecured) | – | 3,260,017 | 3,260,017 |
| Short-term loans | – | 400,000 | 400,000 |
| Other payables and accruals | – | 7,837,061 | 7,837,061 |
| Total financial liabilities carried at amortised cost | – | 32,338,556 | 32,338,556 |
| **2021** | | | |
| **Assets** | | | |
| Trade receivables | 23,136,130 | – | 23,136,130 |
| Other receivables and deposits | 700,377 | – | 700,377 |
| Investment in unquoted equity shares | – | – | – |
| Cash and cash equivalents | 20,674,918 | – | 20,674,918 |
| Total financial assets carried at amortised cost | 44,511,425 | – | 44,511,425 |
| **Liabilities** | | | |
| Trade payables | – | 19,721,317 | 19,721,317 |
| Bills payables to bank (unsecured) | – | 1,370,484 | 1,370,484 |
| Short-term loans | – | 600,000 | 600,000 |
| Other payables and accruals | – | 7,861,944 | 7,861,944 |
| Total financial liabilities carried at amortised cost | – | 29,553,745 | 29,553,745 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 27. FINANCIAL INSTRUMENTS (CONT'D)

| | Financial assets carried at amortised cost | Financial liabilities carried at amortised cost | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Company** | | | |
| **2022** | | | |
| **Assets** | | | |
| Trade receivables | 17,397,062 | – | 17,397,062 |
| Other receivables and deposits | 990,274 | – | 990,274 |
| Cash and cash equivalents | 14,973,670 | – | 14,973,670 |
| Total financial assets carried at amortised cost | 33,361,006 | – | 33,361,006 |
| **Liabilities** | | | |
| Trade payables | – | 14,470,374 | 14,470,374 |
| Bills payables to bank (unsecured) | – | 1,381,728 | 1,381,728 |
| Short-term loans | – | 400,000 | 400,000 |
| Other payables and accruals | – | 5,281,051 | 5,281,051 |
| Total financial liabilities carried at amortised cost | – | 21,533,153 | 21,533,153 |
| **2021** | | | |
| Assets | | | |
| Trade receivables | 16,253,486 | – | 16,253,486 |
| Other receivables and deposits | 637,817 | – | 637,817 |
| Cash and cash equivalents | 14,940,342 | – | 14,940,342 |
| Total financial assets carried at amortised cost | 31,831,645 | – | 31,831,645 |
| **Liabilities** | | | |
| Trade payables | – | 11,785,535 | 11,785,535 |
| Bills payables to bank (unsecured) | – | 761,737 | 761,737 |
| Short-term loans | – | 600,000 | 600,000 |
| Other payables and accruals | – | 6,080,381 | 6,080,381 |
| Total financial liabilities carried at amortised cost | – | 19,227,653 | 19,227,653 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 28. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 – Unobservable inputs for the asset or liability.

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

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

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

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

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their bills payable and short-term loans. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2021: less than 6 months) from the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 15 (2021: 15) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $4,557 (2021: $2,453) higher/lower, arising mainly as a result of lower/ higher interest expense on bills payable and short-term loans.

(b) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollar ("SGD"), Malaysian Ringgit ("MYR") and Thai Baht ("THB"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"). Approximately 24% (2021: 23%) of the Group's sales are denominated in foreign currencies whilst almost 25% (2021: 24%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payables balances at the end of reporting period have similar exposures.

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

Sensitivity analysis for foreign currency risk

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

| | Group<br>Profit before tax<br>Increase/(decrease) | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| USD - strengthened by 3% (2021: 3%) | (139,848) | (175,074) |
| - weakened by 3% (2021: 3%) | 139,848 | 175,074 |
| AUD - strengthened by 3% (2021: 3%) | 1,029 | 1,047 |
| - weakened by 3% (2021: 3%) | (1,029) | (1,047) |
| MYR - strengthened by 3% (2021: 3%) | 105,319 | 126,078 |
| - weakened by 3% (2021: 3%) | (105,319) | (126,078) |
| THB - strengthened by 3% (2021: 3%) | 142,183 | 142,512 |
| - weakened by 3% (2021: 3%) | (142,183) | (142,512) |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

(c) *Liquidity risk*

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

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

As at 31 March 2022, the Company has $25,668,000 (2021: $29,518,000) of undrawn committed borrowing facilities in respect of which all conditions precedent have been met.

| | Contractual cash flows | | |
|---|---|---|---|
| | Within one year | Two to five years | Total |
| | $ | $ | $ |
| **Group** | | | |
| **As at 31 March 2022** | | | |
| Trade payables | 20,841,478 | – | 20,841,478 |
| Bills payable to banks (unsecured) | 3,271,204 | – | 3,271,204 |
| Short-term loans | 400,573 | – | 400,573 |
| Other payables and accruals | 7,837,061 | – | 7,837,061 |
| Leases liabilities | 990,045 | 938,627 | 1,928,672 |
| | 33,340,361 | 938,627 | 34,278,988 |
| **As at 31 March 2021** | | | |
| Trade payables | 19,721,317 | – | 19,721,317 |
| Bills payable to banks (unsecured) | 1,375,465 | – | 1,375,465 |
| Short-term loans | 600,662 | – | 600,662 |
| Other payables and accruals | 7,861,944 | – | 7,861,944 |
| Leases liabilities | 1,046,506 | 1,583,568 | 2,630,074 |
| | 30,605,894 | 1,583,568 | 32,189,462 |
| **Company** | | | |
| **As at 31 March 2022** | | | |
| Trade payables | 14,470,374 | – | 14,470,374 |
| Bills payable to banks (unsecured) | 1,383,611 | – | 1,383,611 |
| Short-term loans | 400,573 | – | 400,573 |
| Other payables and accruals | 5,281,051 | – | 5,281,051 |
| Leases liabilities | 753,745 | 546,296 | 1,300,041 |
| | 22,289,354 | 546,296 | 22,835,650 |
| **As at 31 March 2021** | | | |
| Trade payables | 11,785,535 | – | 11,785,535 |
| Bills payable to banks (unsecured) | 762,588 | – | 762,588 |
| Short-term loans | 600,662 | – | 600,662 |
| Other payables and accruals | 6,080,381 | – | 6,080,381 |
| Leases liabilities | 752,797 | 2,036,633 | 2,789,430 |
| | 19,981,963 | 2,036,633 | 22,018,596 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

(d) *Credit risk*

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

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

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

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

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

Exposure to credit risk

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

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

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | $ | % | $ | % |
| **Group** | | | | |
| **By country:** | | | | |
| Singapore | 18,866,568 | 73 | 15,956,423 | 69 |
| Malaysia | 2,845,182 | 11 | 3,423,806 | 15 |
| Thailand | 1,908,211 | 7 | 1,632,804 | 7 |
| Others | 2,090,057 | 9 | 2,201,519 | 9 |
| | 25,710,018 | 100 | 23,214,552 | 100 |

At the end of the reporting period, approximately:

- 24% (2021: 25%) of the Group's trade receivables were due from top 5 trade debtors located in Singapore.

Financial assets that are neither past due nor impaired

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 30. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2022 and 2021.

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

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Trade payables | 20,950,438 | 19,756,316 |
| Bills payable to banks (unsecured) | 3,260,017 | 1,370,484 |
| Short-term loans | 400,000 | 600,000 |
| Other payables and accruals | 7,955,717 | 8,283,061 |
| Lease liabilities | 1,859,297 | 2,513,081 |
| Less: Cash and cash equivalents | (19,900,146) | (20,674,918) |
| Net debt | 14,525,323 | 11,848,024 |
| Equity attributable to owners of the Company, representing total capital | 41,887,092 | 37,515,347 |
| Capital and net debt | 56,412,415 | 49,363,371 |
| Gearing ratio | 26% | 24% |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 31. SEGMENT INFORMATION

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

(a) *Multimedia*

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

(b) *Data storage*

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

(c) *IT accessories*

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

There are no sales between business segments.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 31. SEGMENT INFORMATION (CONT'D)

| | IT accessories | | Multimedia | | Data storage | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Sales to external customers | 104,472,253 | 85,258,399 | 118,695,956 | 95,742,925 | 2,400,296 | 1,680,256 | 225,568,505 | 182,681,580 |
| Profit from operating activities | 6,569,111 | 4,802,229 | 4,695,657 | 3,933,018 | 101,988 | 79,479 | 11,366,756 | 8,814,726 |
| Finance costs | | | | | | | (130,357) | (93,334) |
| Finance income | | | | | | | 5,926 | 12,090 |
| Profit before tax | | | | | | | 11,242,325 | 8,733,482 |
| Income tax expense | | | | | | | (1,836,099) | (1,459,009) |
| Profit for the year | | | | | | | 9,406,226 | 7,274,473 |
| **Assets and liabilities:** | | | | | | | | |
| Inventories | 15,756,905 | 14,370,620 | 14,116,326 | 10,001,312 | 156,874 | 382,872 | 30,030,105 | 24,754,804 |
| Unallocated assets | | | | | | | 49,436,865 | 48,376,301 |
| **Total assets** | | | | | | | 79,466,970 | 73,131,105 |
| Unallocated liabilities | | | | | | | 35,816,126 | 33,700,960 |
| **Total liabilities** | | | | | | | 35,816,126 | 33,700,960 |
| **Other segment information** | | | | | | | | |
| Depreciation of property, plant and equipment and right-of-use assets | | | | | | | 1,423,349 | 1,378,127 |
| Other non-cash expenses, net | | | | | | | 414,398 | 365,828 |
| Capital expenditure | | | | | | | 345,333 | 124,389 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 31. SEGMENT INFORMATION (CONT'D)

Geographical segments

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

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Singapore | 162,541,088 | 130,082,140 | 1,786,986 | 2,652,185 |
| Malaysia | 37,362,161 | 28,932,394 | 748,441 | 400,354 |
| Thailand | 15,807,285 | 13,739,014 | 110,131 | 276,079 |
| Asia [1] | 9,563,046 | 9,526,835 | – | – |
| Others [2] | 294,925 | 401,197 | – | – |
| | 225,568,505 | 182,681,580 | 2,645,558 | 3,328,618 |

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

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

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

## 32. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 28 June 2022.

# ANALYSIS OF SHAREHOLDINGS

AS AT 20 JUNE 2022

| Range of Shareholdings | Number of Shareholders | Percentage | No of Shares | Percentage |
|---|---|---|---|---|
| 1 - 99 | 0 | 0.00 | 0 | 0.00 |
| 100 - 1,000 | 48 | 11.27 | 36,900 | 0.03 |
| 1,001 - 10,000 | 171 | 40.14 | 1,120,600 | 0.99 |
| 10,001 - 1,000,000 | 191 | 44.83 | 16,918,300 | 14.92 |
| 1,000,001 and above | 16 | 3.76 | 95,328,500 | 84.06 |
| TOTAL | 426 | 100.00 | 113,404,300 | 100.00 |

Number of issued ordinary shares: 117,181,818
Number of Treasury shares: 3,095,700
Number of returned shares: 681,818

## MAJOR SHAREHOLDERS AS AT 20 JUNE 2022

| No | Name of Shareholder | Number of Shares Held | Percentage** |
|---|---|---|---|
| 1 | Wang Wei | 28,281,000 | 24.94 |
| 2 | Teng Woo Boon | 26,066,000 | 22.99 |
| 3 | KGI Securities (Singapore) Pte Ltd | 6,918,000 | 6.10 |
| 4 | Cheung Miu Yin | 5,260,000 | 4.64 |
| 5 | Kim Seng Holdings Pte Ltd | 4,999,000 | 4.41 |
| 6 | Loh Yih | 4,500,000 | 3.97 |
| 7 | Teo Su Ching | 3,208,000 | 2.83 |
| 8 | Neo Gim Kiong | 3,094,100 | 2.73 |
| 9 | DB Nominees (Singapore) Pte Ltd | 3,008,000 | 2.65 |
| 10 | DBS Nominees Pte Ltd | 2,026,200 | 1.79 |
| 11 | Kelvin Kwok Ying Choy | 1,836,200 | 1.62 |
| 12 | Lo Yew Seng | 1,506,000 | 1.33 |
| 13 | Ang Chai Ling (Hong Cailing) | 1,500,000 | 1.32 |
| 14 | Wong Kahoe | 1,083,000 | 0.95 |
| 15 | Ng Poh Kheng | 1,035,000 | 0.91 |
| 16 | Yu Lihong | 1,008,000 | 0.89 |
| 17 | Hong Leong Finance Nominees Pte Ltd | 863,900 | 0.76 |
| 18 | UOB Kay Hian Pte Ltd | 836,218 | 0.74 |
| 19 | OCBC Securities Private Ltd | 748,000 | 0.66 |
| 20 | IFast Financial Pte Ltd | 693,200 | 0.61 |
| | | 98,469,818 | 86.84 |

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

# ANALYSIS OF SHAREHOLDINGS

AS AT 20 JUNE 2022

## SUBSTANTIAL SHAREHOLDERS AS AT 20 JUNE 2022

The shareholdings of the Substantial Shareholders as shown in the Register of Substantial Shareholders as at 20 June 2022:-

| Substantial Shareholders | Direct Interest Shares | % | Deemed Interest Shares[1] | % | Total Interest Shares | % |
|---|---|---|---|---|---|---|
| Wang Wei | 28,281,000 | 24.94 | – | | 28,281,000 | 24.94 |
| Teng Woo Boon | 26,768,000 | 23.60 | 3,400,000 | 3.00 | 30,168,000 | 26.60 |
| Teng Kim Sui | 6,902,000 | 6.09 | – | | 6,902,000 | 6.09 |

[1] Teng Woo Boon is deemed to be interested through 3,400,000 shares held by his spouse, Teo Su Ching.

## SHAREHOLDING HELD IN PUBLIC HANDS

The percentage of shareholdings held in the hand of public was approximately 33.91% as at 20 June 2022 and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual.

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Ban Leong Technologies Limited (the "**Company**") will be held by way of electronic means on Wednesday, 27 July 2022 at 10.00 a.m. to transact the following businesses:-

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2022 and the Directors' Statement together with the Independent Auditors' Report thereon.

**(Resolution 1)**

2. To declare a tax-exempt (one-tier) final dividend of S$0.03 per ordinary share in respect of the financial year ended 31 March 2022.

**(Resolution 2)**

3. To approve the proposed Directors' fees of S$119,000 for the financial year ended 31 March 2022. (2021: S$119,000)

**(Resolution 3)**

4. To re-elect the following Directors of the Company who are retiring by rotation in accordance with Articles 107 and 108 of the Constitution of the Company, and who, being eligible, offer themselves for re-election:-

   Mr Loh Yih; and **(Resolution 4)**

   Mr Neo Gim Kiong **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

## SPECIAL BUSINESS

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

7. Authority to Allot and Issue Shares

"That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and the Listing Rules (the "**Listing Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue and allot ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem it; and

(b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

(1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares in the capital of the Company, excluding treasury shares, subsidiary holdings and returned shares, if any (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis ("**non pro-rata basis**"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares in the capital of the Company, excluding treasury shares, subsidiary holdings and returned shares, if any [as calculated in accordance with paragraph (2) below];

# NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares, excluding treasury shares, subsidiary holdings and returned shares, shall be based on the total number of issued Shares of the Company, excluding treasury shares, subsidiary holdings and returned shares, at the time such authority was conferred, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercising of share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(c) any subsequent consolidation or subdivision of the Shares;

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Rules of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and

(4) (unless revoked or varied by the Company in a general meeting) the authority so conferred shall continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier."

**(Resolution 7)**

**8. Renewal of Mandate for Interested Person Transactions**

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Rules of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Rules), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Addendum to Annual Report dated 12 July 2022 (the "**Addendum**") with any party who fall within the classes of interested persons described in the Addendum, provided that such transactions are made on normal commercial terms and are not prejudicial to the interest of the Company or its minority shareholders, and in accordance with the review procedures for such interested person transactions as set out in the Addendum (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next annual general meeting of the Company is held or required by law to be held; and

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

**(Resolution 8)**

**9. Renewal of Share Buy Back Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire issued Ordinary Shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

# NOTICE OF ANNUAL GENERAL MEETING

(i) on-market purchases market purchases, transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(ii) off-market purchases effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act;

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

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which the purchases or acquisitions of the Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting;

whichever is earliest.

(c) in this Resolution:

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

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

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

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

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

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

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

**(Resolution 9)**

# NOTICE OF ANNUAL GENERAL MEETING

By order of the Board

Pan Mi Keay
Company Secretary

12 July 2022
Singapore

**Explanatory Notes:-**

(a) Proposed Ordinary Resolution 4: Mr Loh Yih (Independent Non-Executive Director) will, upon re-election as Director of the Company, continue to serve as the Lead Independent Non-Executive Director, the Chairman of the Audit and Remuneration Committees as well as a Member of the Nominating Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Detailed information on Mr Loh Yih can be found under the "Directors' Profile" and "Additional Information on Director seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST" sections in the Company's Annual Report 2022.

(b) Proposed Ordinary Resolution 5: Mr Neo Gim Kiong (Independent Non-Executive Director) will, upon re-election as Director of the Company, continue to serve as the Chairman of the Nominating Committee and a Member of the Audit and Remuneration Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Detailed information on Mr Neo Gim Kiong can be found under the "Directors' Profile" and "Additional Information on Director seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST" sections in the Company's Annual Report 2022.

(c) Proposed Ordinary Resolution 7: If passed, will empower the Directors of the Company from the date of the above meeting to issue shares in the Company up to an amount not exceeding in total 50% of the total number of issued shares in the capital of the Company with a sub-limit of 20% other than on a pro-rata basis to shareholders for the time being for such purposes as they consider would be in the interest of the Company. The authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company is held or required by law to be held, whichever is earlier.

(d) Proposed Ordinary Resolution 8: If passed, will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate as described in the Addendum. The authority shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next annual general meeting of the Company is held or required by law to be held.

(e) Proposed Ordinary Resolution 9: if passed, will empower the Directors of the Company from the date of the above meeting until the date of the next annual general meeting to purchase or acquire up to 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution. Details of the proposed Share Buy Back Mandate are set out in the Addendum to the Annual Report.

(i) As at the date of this Notice, the Company has purchased a total of 3,095,700 shares by way of market acquisition at an aggregate consideration of S$757,250.96.

(ii) The amount of financing required for the Company to further purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as this will depend on the number of the shares purchased or acquired and the price at which such shares were purchased or acquired.

(iii) The financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed Share Buy Back Mandate on the Group's audited financial statements for the financial year ended 31 March 2022 are set out in the Addendum to the Annual Report and are for illustration only.

**Notes:**

(1) The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice of Annual General Meeting (the "Notice") will not be sent to members. Instead, this Notice will be made available to members by electronic means via publication on the Company's website at the URL https://banleong.com/news-room/ and the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(2) Due to the current COVID-19 situation in Singapore and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, a member will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow members to participate at the AGM by (a) watching the AGM proceedings via "live" webcast or listening to the AGM proceedings via "live" audio feed, (b) submitting questions in advance of the AGM, and/or (c) voting by proxy at the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

(3) Shareholders who wish to watch the "live" webcast of the AGM or listen to the "live" audio feed of the AGM proceedings must pre-register by 10:00 a.m. on 25 July 2022 (the "Registration Deadline") by downloading the pre-registration form from the Company's website at the URL https://banleong.com/news-room/. or on the SGX website at the URL https://www.sgx.com/securities/company-announcements and submit the completed and signed form to the Company in the following manner:

(a) if submitted by post, be lodged with the Company's business address at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825; or

(b) if submitted electronically, be submitted via email to the Company at agm@banleong.com.sg,

Shareholders who have registered by the Registration Deadline but did not receive the confirmation email by 10.00 a.m. on 26 July 2022 may contact the Company by email at agm@banleong.com.sg for assistance.

(4) Please note that shareholders will not be able to ask questions at the AGM during the Live AGM Webcast or the Live AGM Audio Feed. Shareholders may submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM. To do so, all questions must be submitted by 10:00 a.m. on 19 July 2022 via:

(a) if submitted by post, be lodged with the Company's business address at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825; or

(b) if submitted electronically, be submitted via email to the Company at agm@banleong.com.sg,

The Management and the Board of Directors of the Company will address all substantial and relevant questions received from members at least 48 hours prior to the closing date and time of the lodgement of the proxy forms. The responses to the questions received from shareholders will be posted on the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://banleong.com/news-room/. For the questions received later than 10:00 a.m. on 19 July 2022, the same will be addressed during the AGM and to be included in the minutes of the AGM which will be published on the SGX website and the Company's website within one (1) month after the date of the AGM.

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

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

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5:00 p.m. on 18 July 2022.

(6) The Chairman of the Meeting, as proxy, need not be a member of the Company.

(7) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

(a) if submitted by post, be lodged with the Company's registered office address at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825; or

(b) if submitted electronically, be submitted via email to the Company at agm@banleong.com.sg,

in either case, at least 48 hours before the time appointed for holding the AGM, i.e. 10:00 a.m. at 25 July 2022.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms and pre-registration forms electronically via email.

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# PROXY FORM

**BAN LEONG TECHNOLOGIES LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No.: 199303898C)

**IMPORTANT**

***Alternative Arrangements for Annual General Meeting***

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copy of the proxy form of Annual General Meeting will not be sent to members. Instead, the proxy form will be made available to members by electronic means via publication on the Company's website at the URL https://banleong.com/news-room/ and the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. A member will not be able to attend the Annual General Meeting. Alternative arrangements have been put in place to allow members to participate at the Annual General Meeting by (a) watching the Annual General Meeting proceedings via "live" webcast or listening to the Annual General Meeting proceedings via "live" audio feed, (b) submitting questions in advance of the Annual General Meeting, and/or (c) voting by proxy at the Annual General Meeting.
3. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.
4. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.

**CPF/SRS Investors**

5. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective Agent Banks or SRS Operators to submit their votes by 5.00 p.m. 18 July 2022.

**Personal Data**

6. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

I/We*_____(name)_____(NRIC/Passport/Registration No.) of_____(address) being a member/ members* of Ban Leong Technologies Limited (the "Company"), hereby appoint the Chairman of the Meeting as *my/ our proxy, to attend, speak and vote for *me/ us and on *my/ our behalf, at the Annual General Meeting of the Company to be convened and held by way of electronic means on **Wednesday, 27 July 2022 at 10.00 a.m.** and at any adjournment thereof in the following manner:

* Delete as appropriate

| No. | Ordinary Resolutions | For | Against | Abstain |
|---|---|---|---|---|
| **ORDINARY BUSINESS** | | | | |
| 1. | Adoption of the Audited Financial Statements of the Company for the financial year ended 31 March 2022 and the Directors' Statement together with the Independent Auditors' Report thereon. | | | |
| 2. | Approval of tax exempt (one-tier) final dividend of S$0.03 per ordinary share for the financial year ended 31 March 2022. | | | |
| 3. | Approval of the payment of proposed Directors' fees of S$119,000 for the financial year ended 31 March 2022. (2021: S$119,000) | | | |
| 4. | Re-election of Mr Loh Yih as Director of the Company. | | | |
| 5. | Re-election of Mr Neo Gim Kiong as Director of the Company. | | | |
| 6. | Re-appointment of Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. | | | |
| **SPECIAL BUSINESS** | | | | |
| 7. | Authority to Directors to allot and issue shares. | | | |
| 8. | Renewal of the Interested Person Transactions Mandate. | | | |
| 9. | Renewal of the Share Buy Back Mandate. | | | |

The resolutions put to vote at the Annual General Meeting shall be decided by poll.

If your wish the Chairman of the Meeting as your proxy to cast all your votes **For** or **Against** a resolution, please indicate with "X" in the **For** or **Against** box in respect of that resolution. Alternatively, please indicate the number of votes **For** or **Against** in the **For** or **Against** box in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to **Abstain** from voting on a resolution, please indicate with "X" in the **Abstain** box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the **Abstain** box in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

| Total Number of Shares Held (see note 1) |
|---|
| |

Dated this _____day of _____, 2022

_____

Signature(s) of Member(s)/Common Seal of
Corporate Member

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

*Fold this Flap for sealing. Do not staple.*

**Notes to Proxy Form**

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. This proxy form can be accessed at the Company's website at the URL https://banleong.com/news-room/, and the SGX website at the URL https://www.sgx.com/securities/companyannouncements.

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

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5:00 p.m. on 18 July 2022.

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

4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's registered office address at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825; or

   (b) if submitted electronically, be submitted via email to the Company at agm@banleong.com.sg,

   in either case, at least 48 hours before the time appointed for holding the AGM, i.e. 10:00 a.m. at 25 July 2022.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or by his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The Company shall be entitled to reject an instrument appointing the Chairman of the Meeting as proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof)and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

**Affix Postage Stamp**

The Company Secretary
**BAN LEONG TECHNOLOGIES LIMITED**
150 Ubi Avenue 4
#04-01 Ubi Biz-Hub
Singapore 408825

# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

**Ronald Teng Woo Boon**
Managing Director

**Loh Yih**
Lead Independent Director

**Neo Gim Kiong**
Independent Director

**Lo Yew Seng**
Independent Director

## COMPANY SECRETARY

**Pan Mi Keay**

## REGISTERED OFFICE AND BUSINESS ADDRESS

150 Ubi Avenue 4, #04-01 Ubi Biz Hub
Singapore 408825

## REGISTRAR AND SHARE TRANSFER

**M & C Services Private Limited**
112 Robinson Road, #05-01
Singapore 068902

## AUDITORS AND REPORTING ACCOUNTANTS

**Ernst & Young LLP**
One Raffles Quay, North Tower, Level 18
Singapore 048583

## PARTNER-IN-CHARGE

**Hah Yanying**
Appointed since financial year ended
31 March 2021

## PRINCIPAL BANKERS

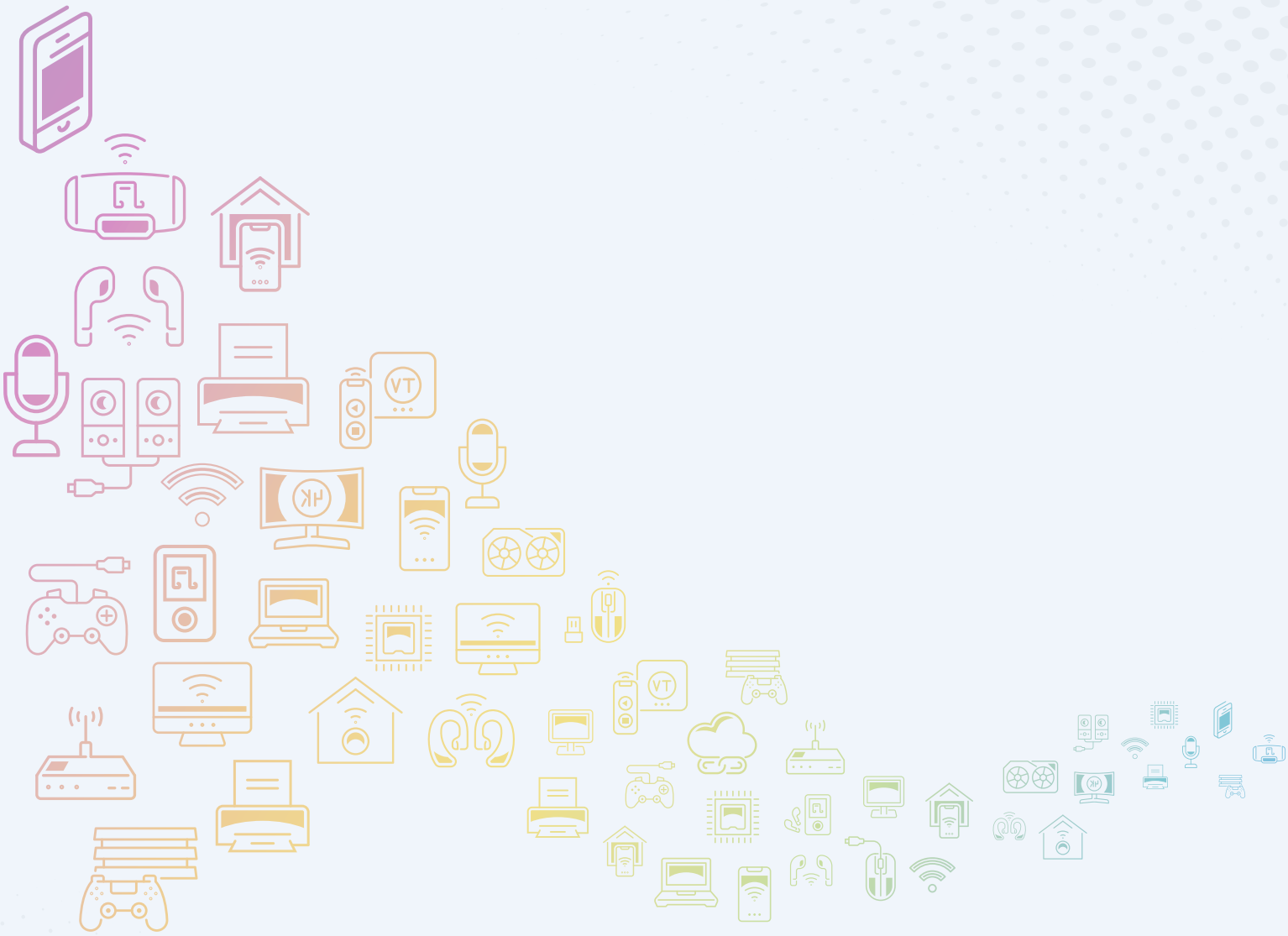
**Citibank N.A.**
8 Marina View #17-01
Asia Square Tower 1
Singapore 018960

**DBS Bank Limited**
12 Marina Boulevard, Level 45
DBS Asia Central
@ Marina Bay Financial Centre Tower 3
Singapore 018982

**Oversea-Chinese Banking Corporation Limited**
63 Chulia Street #02-00
OCBC Centre East
Singapore 049514

**United Overseas Bank Limited**
80 Raffles Place #12-00
UOB Plaza
Singapore 048624

**The Hongkong and Shanghai Banking Corporation**
21 Collyer Quay #08-01
HSBC Building
Singapore 049320



**Ban Leong**
Technologies Limited

150 Ubi Ave 4, #04-01, Singapore 408825
Tel: (65) 6512 9221 | Fax: (65) 6741 9295
Email: irexecutive@banleong.com.sg
**www.banleong.com**