BROOK CROMPTON

Keeping Industry Turning

BROOK CROMPTON HOLDINGS LTD.

ADAPT
TO NEW ECONOMY

ADJUST
TO NEW DEMAND

ADOPT
INNOVATIVE APPROACH

2016
ANNUAL REPORT

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CORPORATE PROFILE

Brook Crompton Holdings Ltd, previously known as Lindeteves-Jacoberg Limited, is an established electric motors company. We changed the company name in 2016 to reflect the Group as the sole distributor of Brook Crompton electric motors. Our trademark **Brook Crompton** brand has been at the forefront of major technological breakthroughs in this arena, and is active in the supply of high-efficiency electric motors that also fulfil client needs for reliability and cost-effectiveness.

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

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

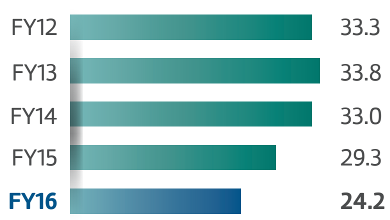
Our expanded sales and marketing teams are moving rapidly to widen our client base across the continents. Under the flagship of **Brook Crompton**, *Brook Crompton UK Limited* covers the markets in the United Kingdom, the Middle East, North Africa and Continental Europe; *Brook Crompton USA, Inc and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

FINANCIAL HIGHLIGHTS

	FY2012	FY2013	FY2014	FY2015	FY2016
INCOME STATEMENT (S$'000)					
Turnover	54,387	55,179	56,326	50,764	47,806
Profit/(Loss) from continuing operations	17,851	9,028	(16,593)	3,441	4,342
Total Profit/(Loss) attributable to shareholders	**17,851**	**9,028**	**(16,593)**	**3,441**	**4,342**
STATEMENT OF FINANCIAL POSITION (S$'000)					
Non-current assets	2,616	6,613	5,170	3,078	3,383
Current assets	30,215	31,414	34,578	37,007	35,930
Current liabilities	17,179	14,440	14,038	14,291	11,289
Non-current liabilities	9,482	6,893	3,538	239	388
Shareholders' fund	6,170	16,694	22,172	25,555	27,636
STATEMENT OF CASHFLOWS (S$'000)					
Net cash generated from operating activities	5,691	6,134	8,001	3,719	2,008
Net cash (used in)/generated from investing activities	(298)	(149)	155	(195)	(58)
Net cash (used in)/generated from financing activities	(3,517)	(4,654)	(3,612)	(4,692)	(1,792)
Cash & cash equivalents at the beginning of financial year	465	2,378	4,037	8,602	7,772
Effect of exchange rate fluctuation on cash held	37	328	21	338	(1,089)
Cash & cash equivalents at the end of financial year	**2,378**	**4,037**	**8,602**	**7,772**	**6,841**

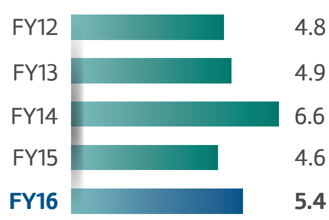
SALES BY GEOGRAPHICAL SEGMENT

UNITED KINGDOM SALES (S$M)

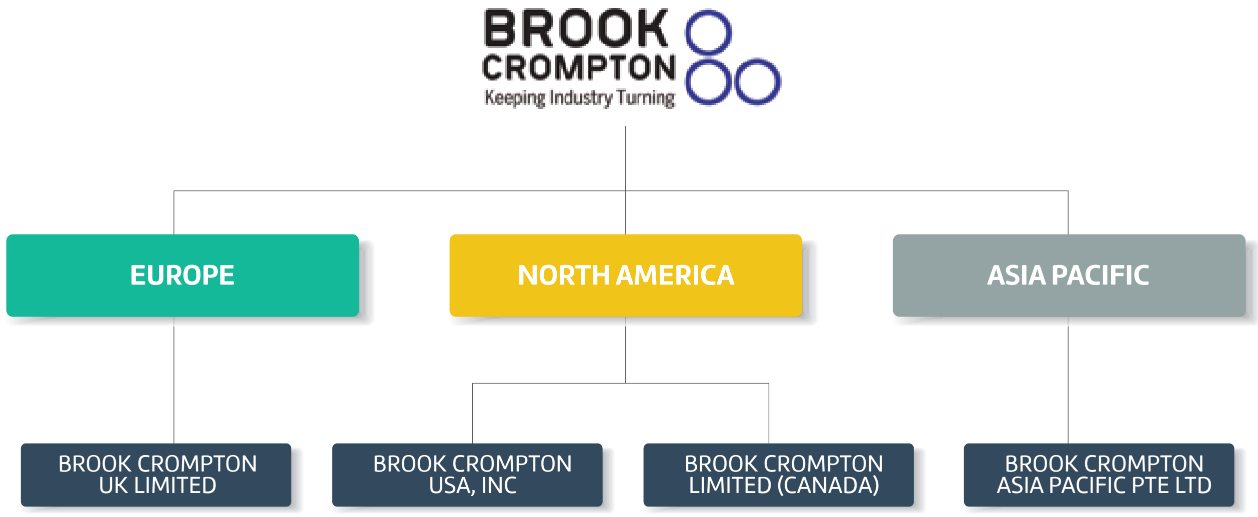


NORTH AMERICA SALES (S$M)

ASIA PACIFIC SALES (S$M)



CORPORATE
STRUCTURE



GEOGRAPHICAL
PRESENCE

CHAIRMAN'S STATEMENT

"As a global operator, we continue to closely observe economic development: we will **Adapt** to the new economy, **Adjust** our strategies to meet new demands, and **Adopt** an innovative approach in order to align ourselves with the market."

DEAR VALUED SHAREHOLDERS,

THE YEAR IN REVIEW

2016 was a challenging year for the Brook Crompton Group. Whilst the oil price has made a slow recovery in recent months, the oil and gas industry, which our OEM customers rely on, remained largely stagnant resulting in the exit of some major OEMs from UK manufacturing. As the UK operation formed 51% of the Group turnover, the depreciation of the British pound has had a major impact on our group performance. These two factors triggered an overall drop in our sales. Our operations in North America and Asia Pacific, however, remained resilient to the global economy slow down. Despite the overall 5.8% sales drop, our EBITDA (earnings before interest, foreign exchange impact from financing activities, tax, depreciation and amortisation) has improved slightly year on year. This is largely due to the concerted efforts of the group to stay responsive in the face of competition and the price depression broadly seen in the industry. We synergized and strategized with our major suppliers to maintain optimal stock for quicker turn around inventories. The Group managed to trim the inventories by 13.7% to ease the working capital. With the slowdown in oil and gas industry in the past years, our Group has focused on developing a diversified customer base broadening into other industries, such as water supply and purification, materials handling/food and beverage and building services (HVAC) industries. The increase in Canadian sales is testimonial to our diversification effort.

We will continue to broaden our distribution channel, increase our product range, improve quality and services by partnering with our major suppliers to leverage on each other's strengths.

Outlook

During the year the global economic situation was impacted by a number of events, largely unpredictable, which have had, and continue to have, a major impact on the world economy. The immediate impact of the Brexit vote in the UK was a drop of 12% in the value of currency which has had an adverse impact on our balance sheet. The UK economic landscape remains unclear and therefore until such time as the trade policies between the UK and its' major trading partners are finalised it is difficult to be certain on the long term impact of Brexit on the UK economy. In the USA, we have seen the protectionist stance adopted by the new President, which may potentially have repercussions on global trading resulting from the establishment of a new trading regime based on barrier tariffs and taxation. As a global operator with operations spanning North America, UK, Middle East, Asia Pacific, and PRC as our trading partners, we continue to closely observe economic development: we will adapt to the new economy, adjust our strategies to meet new demands, and adopt an innovative approach in order to align ourselves with the market.

Dividend

Having fully repaid the five year loan extended by our intermediate holding company, the Company is now debt free. With the shareholders' funds consistently positive, accumulated over the recent years through profit generated from our operations, the Board considers it appropriate to recommend a final dividend of 2.0 cents per share, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Acknowledgement and Appreciation

We welcome Mr Chao Mun Leong who joined the Board as an Independent Director in July 2016. Mr Chao has brought with him many years of executive experience in the electronics industry. At the same time, I would like to express my gratitude to the Directors who have stepped down from the Board during the year. Mr Andreas Schindler stepped down as Chairman of the Company following his resignation as a nominee director of our majority shareholder ATB Austria Antriebstechnik AG. Prof Wang Xiangyao left the Board as Independent Director in July 2016 due to health reasons. On behalf of the Board, I would like to express my appreciation to both Mr Schindler and Prof Wang for their invaluable contributions. As I assumed the Chairmanship of the Group following the above changes in the board, I would like to join hands with my colleagues on board to steer our course in the unchartered waters of the new economy.

On behalf of the Board, I would like to thank the Management and staff for their commitment, dedication and commitment in achieving another year of profitability in a challenging operating environment. I would also like to thank the Board of Directors for their guidance and stewardship throughout the year.

Last but not least, my sincere appreciation to our customers and business associates for their patronage and support for the past years.

PANG XINYUAN
Chairman

CEO'S STATEMENT

> Notwithstanding the drop in gross profit margin, EBITDA for 2016 had increased slightly

FINANCIAL REVIEW

Financial Performance

For the financial year ended 31 December 2016, the Group recorded sales of S$47.8 million compared to S$50.8 million for FY2015, a drop of 5.8% due mainly to the depreciation of the GBP against the SGD following the Brexit referendum in June 2016. Sales in Brook Crompton UK dropped by 7% to GBP13.0 million, however this was mitigated by the increase in sales of S$2.1 million from Brook Crompton Canada and Brook Crompton Asia Pacific.

Gross Profit stood at S$16.2 million for the current year compared to S$17.9 million in the preceding year. The drop in gross profit was due to decreased sales and gross margin.

Group expenses for FY2016 were S$13.3 million, which is comparable to FY2015. There was an overall decrease in expenses, excluding finance expenses, due to the depreciation of the GBP against the SGD. Administrative expenses reduced by 6.8% without taking into account of foreign exchange factors, a result of conscientious efforts to control costs within the group. Finance expenses include S$0.4 million of unfavourable fair value loss in derivatives compared with a favourable gain of S$0.7 million recognised in FY2015.

Other income increased by S$0.7 million to S$1.1 million in FY2016. This is partly due to the foreign exchange gain derived from revaluation of payables held in favourable currencies.

Notwithstanding the drop in gross profit margin, EBITDA for 2016 had increased slightly to S$4.6 million from the previous year's S$4.5 million.

Profit before tax was S$4.0 million compared to S$5.0 million in FY2015. This is due to depreciation of the GBP and also the adverse fair value of derivatives as mentioned above. For Brook Crompton USA, following the evaluation of possible realisation of future tax losses, in accordance with FRS12, S$0.7 million of deferred tax assets was recognised in FY2016. This contributes towards higher profit for the financial year of S$4.3 million compared to S$3.4 million in FY2016.

Cash Flow Highlights

Net cash generated from operations decreased to S$2.0 million compared with the previous S$3.7 million. The reduction mainly comes from higher working capital requirements compared to the previous year. During the second quarter of the year, the Company repaid the final tranche of the loan which was due to its intermediate holding company. With this, the net cash as at year end stood at S$6.8 million, S$0.9 million lower than last year, after taking into account foreign exchange losses of S$1.1 million.

Balance Sheet Highlights

Group Net Assets stood at S$27.6 million compared to S$25.6 million in FY2015 due to profit contributions of S$4.3 million for the year, and the effect of netting off unrealised translation losses on net assets of S$2.2 million. Trade and other receivables increased by 21.4% to S$11.5 million from last year's S$9.5 million. The increase came from Brook Crompton United Kingdom and Brook Crompton North America. As a result of the Group's concerted efforts to bring down stock holding costs, inventories decreased by 13.7% from S$17.4 million to S$15.0 million. Current liabilities decreased by 21.0% to S$11.3 million from S$14.3 million last year. The decrease is due to the full repayment of the loan to the intermediate holding company and also a reduction of trade payables during the year.

CEO'S STATEMENT

BUSINESS REVIEW

North America

During the financial year 2016, sales in United States remained the same as FY2015 whilst sales in Canada increased by S$1.3 million mainly due to orders from new OEMs. Gross Margin was depressed by 3.5% in the absence of a repeat of the reversal of inventory impairment in FY2015, as well as the result of the competitive marketplace.

We closed the Cleveland warehouse in late of 2016 in order to optimise the use of warehouses and manpower in this competitive market, with a portion of the inventory being distributed to other strategically placed distributors, and third party warehouses closer to our developing markets.

Market conditions will continue to remain challenging as there are many well established local manufacturers in North America, as well as a wide range of importers.

Asia Pacific

Sales increased by $0.7 million compared to FY2015 due to a one-off project of high voltage motors. Gross margin has increased marginally but it is not expected to be a continuing trend due to the current market conditions. We continue to seek effective ways working in a strategic partnership with Wolong to develop markets such as Australia, Korea, China and Vietnam where we have had historical success, or a large installed base in order to maximise impact with limited resources available.

UK and Middle East

The UK economy continues to be uncertain after June 2016 Brexit referendum which has specifically impacted us following the 12% immediate reduction in the value of the GBP post referendum. The industrial economy, and with it the electric motor industry, has been affected by the low oil and gas price since 2014, leading to several major OEMs closing their UK manufacturing sites, resulting in a shrinking demand for electric motors. The electric motor market remains highly competitive with margins threatened as our competitors seek to recover lost revenues with reduced prices.

As a result BC UK recorded a S$5.1 million drop in sales to the current S$24.2 million, with S$3.0 million of this due to the depreciation of the GBP against the SGD and S$2.1 million due to the lack of demand from oil and gas industry.

With the uncertainties in the UK market, it is important to look for other opportunities to grow. Utilising the available resources from the Brook Crompton UK operation, and without risking our core UK business, we will now start to increase our focus on developing the Middle East and African markets which have demonstrated resilience in certain business segments to current market conditions. Particular focus will be directed into building services such as HVAC (heating, ventilation and air conditioning), where Wolong have a strong name in the Asia Pacific and USA markets which we can leverage, and the water transmission and purification segment where investment continues to be made.

CHEN YINGZHU
Chief Executive Officer

BOARD OF DIRECTORS

MR PANG XINYUAN,
CHAIRMAN,
NON-INDEPENDENT,
NON-EXECUTIVE DIRECTOR

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

Mr Pang is also a member of the Audit Committee and Remuneration Committee. He will be retiring pursuant to Article 108 of the Company's Constitution at the Company's forthcoming AGM scheduled on 27 April 2017. The Board has recommended to the shareholders his re-election at the forthcoming AGM.

DR KNUT UNGER,
LEAD INDEPENDENT DIRECTOR

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

Dr Unger is also the Chairman of Nominating Committee and Remuneration Committee and a member of Audit Committee. He was last re-elected as a Director of the Company on 28 April 2016.

MS CHEN YINGZHU,
EXECUTIVE DIRECTOR CUM
CHIEF EXECUTIVE OFFICER

Ms Chen was appointed as the Director cum Chief Executive Officer of the Company on 1 March 2015. Before Ms Chen joined the Company, she served as the Chief Financial Officer of our immediate holding company ATB Austria Antriebstechnik AG. Currently, she is also a General Manager in Hong Kong Wolong Holding Group Co. Ltd and also Wolong Electric Group Co., Ltd's Distribution and Online Division. She brought with her over twenty years of managerial experience whilst with the Wolong Electric Group, mainly in connection with the Wolong's international trade. Ms Chen received her degree in management and marketing at Zhejiang University, and the China Europe International Business School.

Ms Chen is also a member of the Nominating Committee.

Ms Chen was last re-elected on 27 April 2015. She will be retiring pursuant to Article 104 of the Company's Constitution at the Company's forthcoming AGM scheduled on 27 April 2017. The Board has recommended to the shareholders her re-election at the forthcoming AGM.

MR CHAO MUN LEONG,
INDEPENDENT DIRECTOR.

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

Mr Chao is the Chairman of the Audit Committee, member of the Nominating Committee and Remuneration Committee. He will be retiring pursuant to Article 108 of the Company's Constitution at the Company's forthcoming AGM scheduled on 27 April 2017. The Board has recommended to the shareholders his re-election at the forthcoming AGM.

MANAGEMENT TEAM

MS CHEN YINGZHU
CHIEF EXECUTIVE OFFICER,
BROOK CROMPTON HOLDINGS LTD

The CEO plays a crucial role in steering the Group and stabilising its businesses, secures strategic growth, responsible for the Group's overall performance, and oversees alignment of business strategies of the major shareholders with the Group, for the objective of optimising resources to create synergies for all units.

MR RICHARD EASON
CHIEF SALES OFFICER,
BROOK CROMPTON GROUP

Mr Eason was appointed as Chief Executive Officer of Brook Motors Ltd (the subsidiary of Brook Crompton UK Limited) in April 2009, in charge of developing distribution markets in the UK, Europe and the Middle East. After the restructuring of the Brook Crompton Group in September 2010, he came under the direct employment of Brook Crompton UK Limited. He now holds the position as Chief Sales Officer, responsible for the sales strategies for the Group. He also oversees the overall operations in North America. Before joining the Group, he spent over 20 years in the electric motors and drives sector. Mr Eason holds a bachelor in environmental sciences from the Lancaster University in the UK.

MS CHIN YEEN VINE
FINANCE AND ADMINISTRATION MANAGER,
BROOK CROMPTON HOLDINGS LTD

Ms Chin joined the company in December 2007 as Finance and Administration Manager. In October 2016, her role has been expanded to include the portfolio of Chief Financial Officer ('CFO'), following Ms Elaine Tan Bee Lin, the former CFO's resignation. She has brought with her several years of experience in the related fields in private sector and local audit firm. Ms Chin graduated from Nanyang Technological University with Bachelor of Accountancy. She is a Chartered Accountant of Institute of Singapore Chartered Accountants (ISCA).

MR PAUL HOPLEY
MANAGING DIRECTOR,
BROOK CROMPTON UK LIMITED

Mr Hopley was appointed as Managing Director of Brook Crompton UK Ltd in 2013 and is responsible for overseeing the sales administration, procurement, operations and finance in the UK. His previous engagements include the roles of Chief Operating Officer and Chief Finance Officer within the UK business. He has been employed in various Financial & Administrative roles with Brook Crompton in UK since first joining the company in 1977 and has extensive knowledge of its business operations.

MR SIMON CHUNG
VP FINANCE AND OPERATIONS
BROOK CROMPTON NORTH AMERICA

Mr Chung joined Brook Crompton Canada in February 2010. For his current position, he is overall in charge of financial matters and controlling function for North America operations, including the control of inventories, which form major asset of the Group. Mr Chung has close to 15 years of working experience in financial and controlling fields in various industries. Graduated from University of Western Ontario and Wilfrid Laurier Univeristy, he is a Certified Public Accountant, also a Certified Management Accountant with the Society of Management Accountants of Ontario.

THE ELECTRIC MOTORS MARKET
REVIEW

Brook Crompton – The Original Innovator – Keeping Industry Turning

BROOK CROMPTON
Keeping Industry Turning

INTRODUCTION

Electric motors are used in a widely varied range of industrial applications, including driving fans, pumps, compressors and conveyors across sectors that range from manufacturing to water treatment to building services.

The year 2016 saw a continuation of the impact on the industry of two main drivers:

(i) The continued low price for certain key global commodities such as oil, gas, and mined commodities such as coal.

(ii) An increase in the demand for products complying with the latest regional efficiency regulations as countries around the globe seek to meet their commitments to carbon emission reduction.

The overriding factor has proven to be the lower mined commodity price, resulting in an ongoing trend of delays in capital investment in major projects, whilst operating expenses to maintain plants in operation continues.

The global economy has faced some major events such as BREXIT, but as clear political and economic direction emerges the market will stabilise and then begin to show recovery.

SIZE, GROWTH & OUTLOOK

In August 2016, IHS published an abbreviated market update report on the global low-voltage motor market.

The summary of this update is:

“Despite this challenging environment, there are opportunities for motor suppliers that can adapt to the impending technological trends suppliers require.

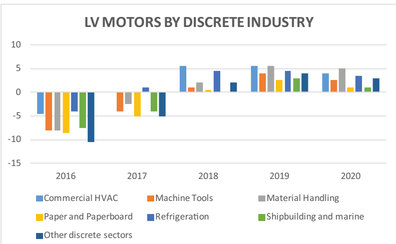
For example, motor end-users are increasingly interested in energy-efficient motors that will live longer and reduce full lifecycle costs. As the industrial internet of things (IIoT) continues to grow in customer recognition and adoption, motor manufacturers are also starting to find ways to leverage this trend to offset weak sales.”

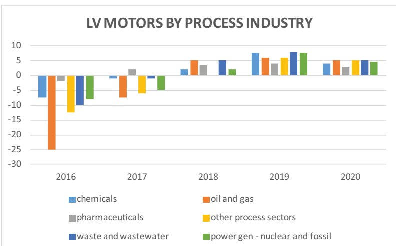
IHS’s published data indicates that from 2015 to 2017 the global low-voltage motor market will decline by a figure approaching 13%, which means from US$11.8 billion of sales in 2015 to US$10.3 billion in 2017.

A recovery is expected from 2018, however the nett compound annual growth rate (CAGR) from 2015 to 2020 is predicted as -0.2%.

This recovery will not be led by the traditional heavy industry segments such as oil and gas, but instead will be driven by the needs of fast growing populations, and increased urbanisation. It is expected that the machine building and manufacturing sector will show higher investments than the process industries such as petrochemical.

Surveys indicate the following trends:





One market trend that has been reported is the slow uptake in IE4 (super-premium) motors which currently represent approximately 1% of the global market despite high levels of promotion of the product types.

The UK market, traditionally Brook Crompton’s home market, has been impacted not only by the oil/gas and mining price impacts, but more recently by the BREXIT referendum and the ongoing Parliamentary debates with regard to implementation of Article 50. Customers are not committing to significant CAPEX and instead are opting for a “mend and make do” approach. This, combined with the departure of several major OEMs from UK manufacturing, has reduced the size of the UK market for motors by perhaps 20%.

The Middle East and Africa markets, whilst smaller than Europe, offer potential for growth. The Iranian market requires investment, and so opportunities will become available, although it is as yet unclear what business will be available, through which market channels, and how the finance channels will operate.

Opportunities in North America are similarly aligned to those in the UK, with significant possibilities for growth in building services (including HVAC) and industries driven by infrastructure investment (mining, timber/wood products). NEMA (a USA based manufacturer’s organisation for electrical/electronic products) latest report makes the following observations of the US market:

(i) The electrical industry suffered a sizeable decline in 2016 (more than 5%)

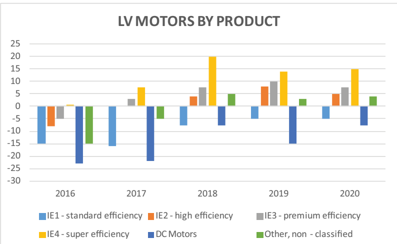
THE ELECTRIC MOTORS MARKET
REVIEW

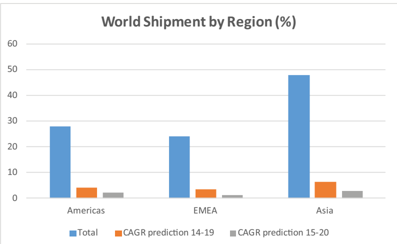
(ii) Total electric motor sales fell in 2015 by 7.6% and another 11.2% in 2016, however a forecast growth of 5% in 2017 and an additional 4.6% is forecast for 2018.

(iii) The highest growth will be in the range up to 50 Hp

As one of the largest industrial economies, the USA will always be a potential for development and strategically will be a key area for business development for many companies.

In the Asia Pacific market the oil and gas industry remain depressed, with projects delayed, reduced in scope or cancelled. A noticeable trend has emerged in 2016 which saw water purification/transmission projects and infrastructure projects being delayed. Despite this, the regional spread of CAGR continues to show the highest forecast growth in the Asia Pacific region with the European market showing the lowest growth, however the scale has decreased from previous predictions.





Competitors
The market leaders continue to be Siemens, ABB and WEG, with the latter strengthening its position through acquisition of other motor plants in 2016. Similarly for Nidec, which also expanded its operations via acquisition to strengthen its position as a global player.

New Products, New Channels
In order to take advantage of opportunities where they become available, Brook Crompton has made some strategic decisions in market approach and product diversification. Products have been introduced through the Brook Crompton distribution network to enable development of the building services market such as EC motors and vibratory motors. Through acquisitions within the Wolong Group, Brook Crompton now has access to medium and high voltage drives, as well as increasing the depth of its' portfolio for the North American and Asia Pacific market which will enable its' distributors to contact more customers. In the UK, a partnership has been established with a leading manufacturer of low voltage variable speed drives/ remote monitoring equipment and a range of motors has been introduced to target the refrigeration compressor industry.

OUR PRODUCTS & SERVICES

Backed by more than 110 years of technical and design expertise, the Group – through its Brook Crompton brand – delivers consistently reliable electric motors to a global market. The addition of new product ranges from key partners Wolong Group, and ATB Group has widened Brook Crompton's product portfolio over the past year.

Trusted to power various industrial activities across diverse market sectors, the robust design of these electric motors drives fans, pumps, compressors, conveyors and much more – every second of every day.

Driven by technology and innovation, Brook Crompton has one of the widest available ranges of electric motors for operation in all industry segments, is able to, and has been meeting for over 110 years the appropriate efficiency standards and explosion protection standards for territories all around the globe.

Renowned for their adaptability, these motors can be modified to suit the needs of different market sectors, with technical support from the company's knowledgeable team readily available to ensure selection of the correct motor for any application. For bespoke situations and complete flexibility, Brook Crompton will design and manufacture products that fulfil individual customer specifications.

The company has a long-standing reputation for efficient customer service, supporting clients worldwide through its global distribution network.

Shaping the future of electric motors, Brook Crompton is focused on the development of new products that will improve energy efficiency, lower the costs of ownership throughout the motor lifetime and reduce the impact on the environment, thereby promoting greater sustainability.

Our products are found in every segment, in every region.

RICHARD EASON
Chief Sales Officer

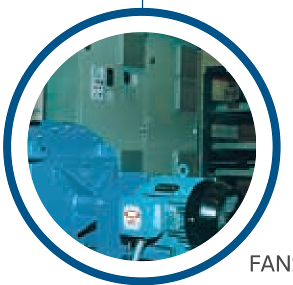
PRODUCT
APPLICATION

BROOK CROMPTON
Keeping Industry Turning

PRODUCT APPLICATION

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

PUMPS



FANS

MECHANICAL

PROCESSES

INDUSTRIAL APPLICATION

Partnership with electric motor users for strategic geographical market outreach

MARINE

OIL AND GAS

HVAC

MINING

CORPORATE INFORMATION

BOARD OF DIRECTORS

PANG XINYUAN
Chairman/Non-Executive &
Non-Independent Director

CHEN YINGZHU
Executive Director &
Chief Executive Officer

KNUT UNGER
Lead Independent Director

CHAO MUN LEONG
Independent Director

AUDIT COMMITTEE

CHAO MUN LEONG
Chairman & Independent Director

KNUT UNGER
Member/Lead Independent Director

PANG XINYUAN
Member/Non-Executive &
Non-Independent Director

NOMINATING COMMITTEE

KNUT UNGER
Chairman and Lead Independent
Director

CHAO MUN LEONG
Member/Independent Director

CHEN YINGZHU
Member/Executive Director & CEO

REMUNERATION COMMITTEE

KNUT UNGER
Chairman and Lead Independent
Director

CHAO MUN LEONG
Member/Independent Director

PANG XINYUAN
Member/Non-Executive &
Non-Independent Director

COMPANY SECRETARY

ANG SIEW KOON

REGISTERED OFFICE

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

REGISTRAR, AGENT AND TRANSFER OFFICER

TRICOR BARBINDER SHARE REGISTRATION SERVICES
(a division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

AUDITORS

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

CORPORATE GOVERNANCE
REPORT

Financial Report Ended 31 December 2016

OUR COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance within the Company and its subsidiaries as part of its mission to enhance shareholder value for the long term. The Company's corporate governance policies and practices are guided by the corporate governance principles set out in the revised Code of Corporate Governance 2012 (the 'Code') issued on 2 May 2012.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board regularly reviews the Group's strategic business plans, the assessment of key risks by management and the financial performance of the Group to enable the Group to meet its objectives. The Board has overall responsibility for establishing and maintaining a framework of good corporate governance, including the adequacy of internal controls and risk management system. To keep pace with new laws, regulations, changing commercial risks and financial reporting standards, all directors attend specifically tailored briefings conducted by professionals from time to time.

Matters which are specially reserved for the Board's approval include, amongst others, key management compensation, major investments, corporate restructuring, merger and acquisition, major undertakings and disposal/acquisition of assets which are not in the ordinary course of business.

Principle 2: Board Composition and Guidance

The composition of the Board as at 31 December 2016 is as follows:

Mr Pang Xinyuan	Non-Executive Non-Independent Director & Chairman (appointed on 10 November 2016)
Mr Andreas Schindler	Non-Executive Non-Independent Director & Chairman (resigned on 10 November 2016)
Ms Chen Yingzhu	Executive Director cum Chief Executive Officer
Dr Knut Unger	Lead Independent Director
Mr Chao Mun Leong	Independent Director (appointed on 01 July 2016)
Prof Wang Xiangyao	Independent Director (resigned on 01 July 2016)

The Board meets at least four times a year in order to review the performance of the preceding quarter, projections and to review and approve announcements. Members of the Board meet and hold discussion regularly outside the scheduled meetings to deliberate on operational issues and provide continuing advice to management as the need arises. In the financial year ended 31 December 2016, five Board Meetings were held.

As at year ended 31 December 2016, the Board comprised four (4) members, three (3) of whom are non-executive directors, where two (2) are independent directors. To facilitate effective decision making, the Board proactively seeks to maintain an appropriate balance and diversity of skills, experience, gender, and knowledge among the directors. The Board has strong industry knowledge, expertise and experience in areas of engineering, law, finance and business management. A short description of each director's background is presented under Board of Directors section of this Annual Report.

The Board is supported by three committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). The scope of duties for each committee is dictated by the latest Code of Corporate Governance guidelines.

During the financial year, two new Directors were appointed. A formal letter of appointment setting out the directors' duties and responsibilities was issued to the new Directors. The newly appointed Directors were given briefing on the business activities and the governance practices of the Company. As Mr Chao Mun Leong does not have any prior experience as a director of a listed company, the Company made arrangement for him to attend a course on "Module 1: Listed Company Director Essentials: Understanding the Regulatory Environment in Singapore – What every Director ought to Know" conducted by the Singapore Institute of Directors on 12 July 2016. The course was funded by the Company.

The attendances of the Directors at the meetings of the Board and Board Committees during the financial year ended 31 December 2016 are as follows:–

				Board of Directors					Audit Committee					Nominating Committee			Remuneration Committee
	Director	Appointment	Resignation	25-Feb-16	28-Apr-16	12-Aug-16	10-Nov-16	30-Nov-16	25-Feb-16	28-Apr-16	12-Aug-16	10-Nov-16	30-Nov-16	25-Feb-16	10-Nov-16	30-Nov-16	25-Feb-16
1	Dr Knut Unger (Appointed as Member of AC on 1 August 2007) (Appointed as Chairman of NC and RC on 1 Aug 2007 and redesignated to NC and RC member on 19 January 2009) (Redesignated to NC and RC Chairman on 27 April 2015 from member)	1.8.2007	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Andreas Schindler (Appointed as Non-Independent Non-Executive Director and Chairman of Board and RC member on 13 August 2012) (Appointed as AC member on 25 March 2013) (Resigned on 10 November 2016 and relinquish as the Chairman of the Board and member of the AC and RC)	13.08.2012	10.11.2016	✓	✓	x	N/A	N/A	✓	✓	x	N/A	N/A	N/A	N/A	N/A	✓
3	Chen Yingzhu (Appointed as an Executive Director and Chief Executive Officer and NC Member on 01 March 2015)	01.03.2015	–	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	N/A
4	Wang Xiangyao (Appointed as Independent Director and AC Chairman, NC and RC Member on 27 April 2015) (Resigned on 01 July 2016 and relinquish as the Chairman of the AC and member of the NC and RC)	27.04.2015	01.07.2016	✓	x	N/A	N/A	N/A	✓	x	N/A	N/A	N/A	✓	N/A	N/A	✓
5	Chao Mun Leong (Appointed as Independent Director and AC Chairman, NC and RC Member on 01 July 2016)	01.07.2016	–	N/A	N/A	✓	✓	✓	N/A	N/A	✓	✓	✓	N/A	✓	✓	N/A
6	Pang Xinyuan (Appointed as Non-Independent Non-Executive Director and Chairman of Board and AC and RC member on 10 November 2016)	10.11.2016	–	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A	N/A

Principle 3: Role of Chairman and Chief Executive Officer (CEO)

The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. During the year under review, there was a change in Board Chairman. Mr Pang Xinyuan was appointed as a Non-Executive Non-Independent Director and Board Chairman on 10 November 2016, taking over the position from Mr Andreas Schindler who stepped down as a Non-Executive Non-Independent Director and Board Chairman on the same date. The Chairman is responsible for leading the Board and facilitating its effectiveness, ensuring the Board members are provided with accurate, timely and clear information and approves the agenda of each Board meeting. The Chairman monitors communications between the Company and its shareholders, between Board and Management and between independent and non-independent directors with a view to encourage constructive relation and dialogue between them.

Since the Chairman is not an Independent Director, Dr Knut Unger was appointed to act as the Lead Independent Director and Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman, CEO or the Finance and Administration Manager has failed to provide satisfactory resolution, or when such contact is inappropriate.

The CEO, Ms Chen Yingzhu, who is an Executive Director, is responsible for the business direction and operational decisions of the Group. The Chairman and the CEO are not related.

Principle 4 and 5: Board Membership and Performance

The composition of Nominating Committee (NC) is outlined below. Majority of the members including the NC Chairman, are independent and non-executive directors.

Dr Knut Unger	Chairman of the NC, Lead Independent Director
Mr Chao Mun Leong	Member, Independent Director (appointed on 01 July 2016)
Prof Wang Xiangyao	Member, Independent Director (resigned on 01 July 2016)
Ms Chen Yingzhu	Member, Executive Director & CEO

The NC meets as and when necessary, at least once a year. Its term of reference follows closely the latest Corporate Governance for compliance that sets out its roles and responsibilities amongst the selection and nomination process and recommendation of appointing new directors to the Board and re-election of retiring directors at the Company's Annual General Meeting. The NC held three meetings in FY2016.

The Constitution of the Company provides for at least one-third of the directors except the Managing Director to retire and subject themselves to re-election by shareholders at every Annual General Meeting and for all directors to do so at least once in every three years.

Mr Chao Mun Leong and Mr Pang Xinyuan were newly appointed during the year. Pursuant to Article 108 of the Constitution, they will have to retire at the forthcoming Annual General Meeting. Pursuant to Article 104, Ms Chen Yingzhu shall retire at the forthcoming Annual General Meeting by rotation. These three Directors, being eligible, have offered themselves for re-election.

In the nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. The NC also reviews annually the following key performance criteria:

- Independence of the independent director
- Board performance in discharging principle functions
- Board committee performance
- Performance evaluation of individual director

The NC has a set of procedures in place for carrying out the evaluation of the Individual Directors, the Board and the Board Committees, including the use of evaluation forms. Each Director is required to complete the evaluation forms, which were then submitted to the Secretary on a private and confidential basis for compilation of the evaluation scores and comments. The reports are then presented to the NC for review. The Chairman of the NC will then present the deliberations of the NC to the Board. The Company did not engage any external consultant to facilitate the evaluation.

The last evaluation was conducted in February 2017. Based on the review, the NC was satisfied that the Board was effective as a whole and that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Committees.

At the Board meeting, the Board has determined, taking into account the views of the NC, that each of the Independent Directors is independent based on his self-declaration and the Board's opinion that there were no circumstances which would likely affect or appear to affect their judgment.

Dr Knut Unger had served on the Board for more than nine years from the date of his appointment on 1 August 2007. The NC has performed a rigorous review to assess his independence and was satisfied that he maintains an appropriate degree of independence when fulfilling his role as an independent director. The Board had concurred with the NC's view that Dr Unger has maintained his independence and is capable of making independent judgment.

Following the evaluation, the NC is satisfied that the retiring directors had made their contributions in FY2016 and that they be nominated for re-election. The Board concurred with the recommendation of the NC.

Under Guideline 4.4 of the Code, the Board is to determine the maximum number of listed company board representations which any Director may hold. The NC, with the concurrence of the Board, has determined that the maximum number of listed company board representations which any Director of the Company may hold is five. All Directors have complied with this guideline.

The information on each director's qualifications, shareholdings, relationships (if any), directorship and other principal commitments is presented in the "Board of Directors" and "Directors' Statement" of this Annual Report.

Principle 6: Access to Information

Directors are furnished with sufficient information in the form of board papers prepared by the Management prior to board meeting in sufficient time for the directors' review. The Board has full access to the Management and the Company Secretary for records and other information as they may require. Each director may also seek such independent professional advice on any Company matters as he may require, at the Company's expense.

As and when there are changes to the Code of Corporate Governance, Listing Rules and the Companies Act, the Company Secretary will update the Board at the Board Meeting.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration

The composition of RC members as at 31 December 2016 is outlined below. All members are non-executive directors, the majority of whom, including the Chairman, is independent.

Dr Knut Unger	Chairman of the RC, Lead Independent Director
Mr Chao Mun Leong	Member, Independent Director (appointed on 01 July 2016)
Prof Wang Xiangyao	Member, Independent Director (resigned on 01 July 2016)
Mr Pang Xinyuan	Member, Non-independent Non-executive Director (appointed on 10 November 2016)
Mr Andreas Schindler	Member, Non-independent Non-executive Director (resigned on 10 November 2016)

The scope of roles and responsibilities for the RC are dictated by the latest Code of Corporate Governance guidelines.

The RC reviews and recommends to the Board for approval, the reasonableness of the contracts of service of executive director and key management personnel. The RC also reviews the appropriateness of compensation for independent directors, executive directors and key management. The remuneration package for executive director and key management consists of fixed and variable components. The fixed component comprises basic salary, pension fund, Central Provident Fund. The variable component comprises bonus that is linked to the performance of the individual, the Group as well as respective entity level.

CORPORATE GOVERNANCE **REPORT**

Financial Report Ended 31 December 2016

The remuneration of the directors for the financial year 2016 is shown to the nearest thousand dollars and that of the key management personnel is shown in the band of S$250,000:

Directors	Remuneration S$ '000	Fee %	Salary %	Allowances %	Bonus %	Total %
Below S$250,000						
Ms Chen Yingzhu	110	Nil	81	Nil	19	100
Dr Knut Unger	45	100	Nil	Nil	Nil	100
Mr Chao Mun Leong*	23	100	Nil	Nil	Nil	100
Prof Wang Xiangyao*	23	100	Nil	Nil	Nil	100

* Note: Prof Wang Xiangyao resigned on 1 July 2016 and Mr Chao Mun Leong was appointed on 1 July 2016. Their remuneration is pro-rated for their period of service.

Top 5 key management personnel	Fee %	Salary %	Allowances %	Bonus %	Post Employment Benefit %	Total %
Below S$250,000						
Ms Elaine Tan	Nil	83	Nil	13	4	100
Mr George Tay	Nil	75	3	17	5	100
S$250,000 to S$500,000						
Mr Richard Eason	Nil	59	17	18	6	100
Mr Paul Hopley	Nil	55	10	22	13	100
Mr Simon Chung	Nil	67	9	13	11	100

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

The aggregate total remuneration paid to top 5 key management personnel was S$1,364,000.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability
Principle 12: Risk Management and Internal Controls
Principle 13: Internal Audit

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

The scope of roles and responsibilities for the AC are dictated by the latest Code of Corporate Governance guidelines. The AC assists the Board in the following areas:

- Determine the Group's level of risk tolerance and risk policies.
- Oversee management in the formulation, update and maintenance of an adequate and effective risk management framework in addressing material risks including material financial, operational, compliance and information technology (IT) risks.
- Review the Group's risk profile regularly and the adequacy of any proposed action.
- Review the adequacy of the Group's internal controls, including financial, operational, compliance information technology controls at least annually.
- Review the effectiveness of the company's internal audit function.

Since FY 2012, the Group has in place an Enterprise Risk Management ('ERM') Framework which governs the risk management process in the Group. Through this framework, risks capabilities and competencies are continuously enhanced. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. The risk management process in place covers, inter alia, financial, operational, compliance and IT risks faced by the Group. The key risks of the Group are deliberated by the Management and reported to the AC. The AC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-a-vis the external and internal environment which the Group operates in.

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

In addition, to ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. The internal audit function would either be undertaken by the internal audit department of the immediate holding company of the Group or outsourced to an internal audit professional firm where necessary. The Internal Auditors report directly to the Chairman of the AC on internal audit matters. To ensure adequacy of internal audit functions, the AC receives and approves the internal audit plan on an annual basis.

In FY2016, the Company had engaged Grant Thornton to carry out an internal audit on compliance with procedures and policies set for interested person transactions for Brook Crompton North America.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the CEO and the Finance and Administration Manager that, as at 31 December 2016:

- the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances: and
- Group's risk management and internal control systems were adequate and effective to address key financial, operational, compliance and information technology risks.

Based on the review of the key risks identified through the ERM process, and the internal controls established and maintained by the Group, work performed by the consultants and internal auditors, reviews performed by management and the AC; and the aforesaid assurances from the CEO and the Finance and Administration Manager, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and the risk management system were adequate and effective as at 31 December 2016.

Principle 11: Audit Committee

The composition of AC as at 31 December 2016 is outlined below.

Mr Chao Mun Leong	Chairman of the AC, Independent Director (appointed on 01 July 2016)
Prof Wang Xiangyao	Chairman of the AC, Independent Director (resigned on 01 July 2016)
Dr Knut Unger	Member, Lead Independent Director
Mr Pang Xinyuan	Member, Non-independent Non-executive Director (appointed on 10 November 2016)
Mr Andreas Schindler	Member, Non-independent Non-executive Director (resigned on 10 November 2016)

The AC comprises three directors, of which two, including the Chairman, are independent. All members of this Committee are non-executive. The Board is of the view that all the members of the AC are appropriately qualified to discharge their responsibilities.

The AC meets at least four times a year, primarily to review the Company's financial performance, projections and announcements of each quarter which are tabled to the Board. The AC meets on other occasions informally to deliberate on matters within its purview. The AC held five meetings in FY2016.

Apart from its terms of reference relating to risk management and internal controls stated above, the AC also undertakes the following:

- Review the internal and external auditors' proposed audit scope and approach and ensure no restrictions or limitations have been placed on the scope. The AC also reviews all reports and recommendations from the internal and external auditors.
- Review the quarterly and full year financial statements of the Company and the respective announcements before recommending to the Board for approval for release to the SGX-ST.
- Make recommendations to the Board regarding the appointment of the internal and external auditors.
- Consider the independence of the external auditors annually, including reviewing the range of services provided in the context of all non-audit services bought by the Company, seeking to balance maintenance of objectivity and value for money. The audits of the Company and its Singapore incorporated subsidiary are undertaken by BDO LLP.
- Review Interested Party transactions.

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

During the financial year under review, the AC met with the external auditors once without the presence of the Management. The Company confirms compliance with Rule 712 and 715 of the Listing Manual in engaging BDO LLP as the external auditors. The AC assesses the independence of the external auditors annually. The Audit Committee noted that the external auditors had not performed any non-audit services for the financial year ended 31 December 2016, and is satisfied that the independence of the external auditors has not been impaired. The aggregate amount of the fees paid to the external auditors is disclosed under note 21 in the Notes to the Financial Statements. The AC has recommended the re-appointment of BDO LLP as the Company's external auditors for the financial year ending 31 December 2017.

The Company has in place the whistle blowing policy.

INTERESTED PERSON TRANSACTIONS (IPT)

The AC reviews the Group's IPT for assurance that the transactions are executed at normal commercial terms and do not prejudice the interests of the Group and its minority shareholders. At the Annual General Meeting held on 28 April 2016, shareholders of the Company approved a General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions with ATB, Wolong Holding Group Co. Ltd and any of its associates and its group of subsidiaries.

The interested person transactions presented in the format pursuant to Rule 907 of the Listing Manual of the SGX-ST is tabled below:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	YTD		YTD	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
General Transactions				
ATB Nordenham Gmbh	**–**	–	**787**	498
ATB Sever d.o.o.	**–**	–	**279**	788
ATB Tamel S.A.	**–**	–	**11,583**	13,137
ATB Schorch GmbH	**–**	–	**107**	790
Wolong Electric Group Co Ltd	**–**	–	**11,686**	13,596
ATB Special Products Ltd	**–**	–	**1,228**	189
ATB Morley Ltd	**–**	–	**–**	280
ATB Wuhan (Motors) Co Ltd	**–**	–	**280**	–
	–	–	**25,950**	29,278

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder rights and responsibility
Principle 15: Communication with shareholders

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business. The Company encourages shareholder participation during the Annual General Meeting (AGM) which is held in a central location in Singapore. Resolutions are passed through a process of voting by poll and shareholders are entitled to vote in accordance with established voting rules and procedures. The poll results for each resolution put forth are presented during the AGM.

The Company has a communication policy that allows the company to effectively communicate with its shareholders:

- Providing the shareholders in a timely manner, with balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to quarterly announcements of financial results, other price sensitive public reports and reports to regulators.
- Ensuring the Company regularly and in a timely manner conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. Such disclosures will be in a manner as required by applicable laws and requirements.
- Disclosing in the Company's annual report the number of board meetings held in the year, and meetings of specialised committees established by the Board. Board and committee meeting attendance represent a part and not the full reflection of the contributions of Board members to the Company.
- Enabling shareholders full opportunity to participate effectively and to vote and to communicate their views at Annual General Meetings. The Directors and external auditors are available to attend to any queries that the shareholders may have.
- Providing public access to websites of the Company and all its subsidiaries under Brook Crompton.

Minutes of the general meetings will be made available to the shareholders upon request.

DEALING IN SECURITIES

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

MATERIAL CONTRACTS

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

FINANCIAL
CONTENTS

DIRECTORS' STATEMENT

The Directors of Brook Crompton Holdings Ltd. (the "Company") (formerly known as Lindeteves-Jacoberg Limited) present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

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

2. DIRECTORS

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

Pang Xinyuan (Appointed on 10 November 2016)
Dr Knut Unger
Chao Mun Leong (Appointed on 1 July 2016)
Chen Yingzhu

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

Name of director and corporation in which interests held	**Shareholdings registered in name of Director**		**Shareholdings in which Director is deemed to have an interest**	
	At beginning of year or date of appointment, if later	**At end of year**	**At beginning of year or date of appointment, if later**	**At end of year**
The Company				
Brook Crompton Holdings Ltd.				
(No. of ordinary shares)				
Dr Knut Unger	10,000	10,000	–	–
Pang Xinyuan	–	–	23,439,519	23,439,519

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

Name of director and corporation in which interests held	Shareholdings registered in name of Director		Shareholdings in which Director is deemed to have an interest	
	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
<u>Ultimate holding company</u>				
Wolong Holding Group Co., Ltd.				
(Capital contribution amount in Chinese Renminbi)				
Pang Xinyuan	–	–	312,916,704*	312,916,704*

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

By virtue of Section 7 of the Act, Pang Xinyuan is deemed to have an interest in all related corporations of the Company. In accordance with the continuing listing requirement of the Singapore Exchange Securities Trading Limited, the Directors of the Company state that, according to the register of Directors' shareholding, the Directors' interests as at 21 January 2017 in the shares of the Company have not changed from those disclosed as at 31 December 2016.

5. SHARE OPTIONS

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

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

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

6. AUDIT COMMITTEE

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

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

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

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

DIRECTORS' STATEMENT

6. **AUDIT COMMITTEE** (CONTINUED)

The Audit Committee also reviewed the following:

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

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

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

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

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

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

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

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

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

7. **INDEPENDENT AUDITOR**

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

On behalf of the Board of Directors

Chen Yingzhu
Director

Pang Xinyuan
Director

Singapore
28 March 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Brook Crompton Holdings Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 31 to 76 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016;
- the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

Report on the Audit of the Financial Statements

Key Audit Matters

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

KEY AUDIT MATTER	AUDIT RESPONSE
1 Net realisable value of inventories	
The Group had inventories, comprising mainly electric motors held for resale, amounting to $15,020,000 which represents 38% of the Group's total assets as at 31 December 2016. During the financial year ended 31 December 2016, the write-down of inventories to net realisable value amounted to $58,000. The management exercises significant judgement in identifying and estimating the net realisable values of slow-moving, excess and obsolete inventories, and those inventories for which selling prices have declined below cost. This evaluation includes ageing analysis, technical assessment on the future demand of the types of electric motors and subsequent events such as new sales orders or revised selling prices. The identification and estimation of net realisable values of inventories were of most significance in our audit due to the inherent subjectivity in management's judgement and estimates which may materially affect the carrying amount of inventories at the reporting date. Refer to Notes 2.4, 3.5 and 9 of the accompanying financial statements.	We performed the following audit procedures, amongst others: We tested the reliability of the inventory ageing report which management uses as a basis to identify slow-moving, excess and obsolete inventories. We performed an analysis of gross margin earned to independently identify any inventories that may be sold below cost. We evaluated and tested the management's judgement and estimate for the future demand for the Group's electric motors by comparing against: ▪ historical sales and write-off; and ▪ subsequent sales or orders received.

INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

Report on the Audit of the Financial Statements

KEY AUDIT MATTER	AUDIT RESPONSE
2 Recoverability of trade receivables	
The Group had net trade receivables amounting to $11,407,000 which represents 29% of the Group's total assets as at 31 December 2016. Trade receivables of $5,190,000 were past due as at the reporting date, of which $407,000 were impaired. The management exercises significant judgement in identifying trade receivables with objective evidence of impairment and in estimating the recoverability of those receivables. This assessment is based on the age of trade receivables, credit worthiness of the debtors and historical write-off experience. The recoverability of receivables was of most significance in our audit due to the significant estimation uncertainties involved. Refer to Notes 2.4, 3.7, 10 and 27 of the accompanying financial statements.	We performed the following audit procedures, amongst others: We tested the reliability of the trade receivables ageing report which management uses as a basis to identify receivables with objective evidence of impairment. We evaluated and challenged the management's identification of trade receivables with objective evidence of impairment and estimation of their recoverable amounts by checking to: ■ Any subsequent collections from debtors with significant and/or long outstanding balances. If no subsequent collections were noted, we checked to historical collections records of the debtors. ■ Historical trade receivables write-off experience.

KEY AUDIT MATTER	AUDIT RESPONSE
3 Recognition and utilisation of deferred tax assets	
The Group had recognised deferred tax assets of $1,211,000 as at 31 December 2016 based on the management's estimation of the availability of future taxable profits. The recognised deferred tax assets attributable to unused tax losses amounted to $1,338,000. In accordance with FRSs, the Group recognises deferred tax assets on unused tax losses only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. This determination requires management to exercise significant judgement, particularly when some of the unused tax losses arise from a subsidiary ("Subsidiary") with a history of recent losses. Recognition and utilisation of deferred tax were of most significance in our audit due to the management's judgement involved in determining the availability of future taxable profit. Refer to Notes 2.4, 3.12 and 8 of the accompanying financial statements.	We performed the following audit procedures, amongst others: We obtained the profit forecast of the Subsidiary. We held discussions with management to understand the basis of key assumptions made and the appropriateness of the input data used in the profit forecast. We evaluated the reasonableness of the key assumptions made such as the revenue growth rate and projected costs, including performing retrospective assessment and sensitivity analysis.

INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

Report on the Audit of the Financial Statements

Other Matter

The consolidated financial statements of the Group for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 5 April 2016.

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 FRSs, 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

To the Members of Brook Crompton Holdings Ltd.

Report on the Audit of the Financial Statements

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

- 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 William Ng Wee Liang.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**2,172**	2,216	**42**	30
Subsidiaries	5	**–**	–	**12,195**	12,195
Intangible assets	6	**–**	–	**–**	–
Other receivables	7	**–**	–	**–**	–
Deferred tax assets	8	**1,211**	862	**–**	–
Non-current assets		**3,383**	3,078	**12,237**	12,225
Current assets					
Inventories	9	**15,020**	17,396	**–**	–
Trade and other receivables	10	**11,524**	9,491	**1,842**	4,649
Derivative financial instruments	11	**–**	224	**–**	–
Prepayments		**710**	440	**8**	7
Cash and cash equivalents	12	**8,676**	9,456	**1,670**	1,075
Current assets		**35,930**	37,007	**3,520**	5,731
Total assets		**39,313**	40,085	**15,757**	17,956
EQUITY AND LIABILITIES					
Equity					
Share capital	13	**149,642**	149,642	**149,642**	149,642
Accumulated losses		**(139,139)**	(143,429)	**(152,750)**	(152,356)
Other reserves	14	**17,133**	19,342	**18,650**	18,650
Total equity attributable to owners of the Company		**27,636**	25,555	**15,542**	15,936
Liabilities					
Non-current liabilities					
Borrowings	19	**9**	13	**–**	–
Retirement benefit liabilities	16	**307**	191	**–**	–
Deferred tax liabilities	8	**72**	35	**–**	–
Non-current liabilities		**388**	239	**–**	–
Current liabilities					
Borrowings	19	**1,841**	1,699	**–**	–
Loan from intermediate holding company	15	**–**	1,736	**–**	1,736
Trade and other payables	17	**9,050**	10,641	**213**	282
Derivative financial instruments	11	**179**	–	**–**	–
Current income tax liabilities		**122**	95	**2**	2
Provision for warranty	18	**97**	120	**–**	–
Current liabilities		**11,289**	14,291	**215**	2,020
Total liabilities		**11,677**	14,530	**215**	2,020
Total equity and liabilities		**39,313**	40,085	**15,757**	17,956

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

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group	
		2016	**2015**
	Note	**$'000**	**$'000**
Revenue	20	**47,806**	50,764
Cost of sales		**(31,582)**	(32,905)
Gross profit		**16,224**	17,859
Other income		**1,115**	413
Distribution and marketing expenses		**(7,670)**	(8,014)
Administrative expenses		**(5,072)**	(5,811)
Finance (expenses)/income	22	**(452)**	754
Others expenses		**(137)**	(200)
Profit before income tax	21	**4,008**	5,001
Income tax credit/(expense)	23	**334**	(1,560)
Profit for the financial year, representing profit attributable to owners of the Company		**4,342**	3,441
Earnings per share			
Basic and diluted earnings per share (cents)	24	**12.2**	9.7

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 $'000	Group 2015 $'000
Profit for the financial year		**4,342**	3,441
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Retirement benefit plan remeasurements	16	**(70)**	(17)
Income tax on items that will not be reclassified to profit or loss	8	**18**	5
		(52)	(12)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations, net of tax of $Nil		**(2,209)**	(46)
Other comprehensive income for the financial year		**(2,261)**	(58)
Total comprehensive income for the financial year, representing total comprehensive income attributable to owners of the Company		**2,081**	3,383

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

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the Company				
	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Accumulated losses $'000	Total equity $'000
Group					
At 1 January 2016	149,642	18,650	692	(143,429)	25,555
Total comprehensive income for the financial year					
Profit for the financial year	–	–	–	4,342	4,342
Other comprehensive income for the financial year					
Retirement benefit plan remeasurements	–	–	–	(70)	(70)
Foreign currency translation differences – foreign operations	–	–	(2,209)	–	(2,209)
Income tax on other comprehensive income	–	–	–	18	18
Total other comprehensive income	–	–	(2,209)	(52)	(2,261)
Total comprehensive income for the financial year	–	–	(2,209)	4,290	2,081
At 31 December 2016	149,642	18,650	(1,517)	(139,139)	27,636
At 1 January 2015	149,642	18,650	738	(146,858)	22,172
Total comprehensive income for the financial year					
Profit for the financial year	–	–	–	3,441	3,441
Other comprehensive income for the financial year					
Retirement benefit plan remeasurements	–	–	–	(17)	(17)
Foreign currency translation differences – foreign operations	–	–	(46)	–	(46)
Income tax on other comprehensive income	–	–	–	5	5
Total other comprehensive income	–	–	(46)	(12)	(58)
Total comprehensive income for the financial year	–	–	(46)	3,429	3,383
At 31 December 2015	149,642	18,650	692	(143,429)	25,555

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

CONSOLIDATED STATEMENT OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group	
	2016	**2015**
	$'000	**$'000**
Operating activities		
Profit for the financial year	**4,342**	3,441
Adjustments for:		
Depreciation and amortisation	**172**	204
Income tax (credit)/expenses	**(334)**	1,560
Interest expense	**37**	223
Interest income	**(7)**	(9)
Write off/(Reversal) of write-down on inventories	**58**	(591)
Gain on disposal of property, plant and equipment	**–**	(4)
Reversal of allowance for impairment of trade receivables	**(1)**	(32)
Provision (written back)/made for warranty	**(7)**	35
Retirement benefit plan expense	**234**	227
Net change in fair value of derivatives	**387**	(743)
Net foreign exchange loss/(gain)	**5**	(177)
	4,886	4,134
Changes in:		
Inventories	**1,806**	(3,549)
Trade and other receivables	**(3,211)**	1,041
Prepayments	**(330)**	152
Trade and other payables	**(901)**	2,208
Provision for warranty	**(19)**	(24)
Retirement benefit contribution paid	**(201)**	(206)
Cash from operating activities	**2,030**	3,756
Income tax paid	**(22)**	(37)
Net cash from operating activities	**2,008**	3,719
Investing activities		
Acquisitions of property, plant and equipment	**(65)**	(208)
Interest received	**7**	9
Proceeds from disposal of property, plant and equipment	**–**	4
Net cash used in investing activities	**(58)**	(195)
Financing activities		
Proceeds from finance lease	**–**	23
Repayment of finance lease	**(15)**	(32)
Repayment to immediate holding company	**–**	(503)
Repayment to intermediate holding company	**(1,706)**	(4,129)
Interest paid	**(71)**	(51)
Net cash used in financing activities	**(1,792)**	(4,692)
Net increase/(decrease) in cash and cash equivalents	**158**	(1,168)
Cash and cash equivalents as at the beginning of the financial year	**7,772**	8,602
Effects of exchange rate changes on cash and cash equivalents	**(1,089)**	338
Cash and cash equivalents as at the end of the financial year (Note 12)	**6,841**	7,772

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

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

1. GENERAL CORPORATE INFORMATION

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

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

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

The statement of financial position of the Company as at 31 December 2016 and consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2016 were authorised for issue in accordance with a Directors' resolution dated 28 March 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

In the current financial year, the Group and the Company adopted the new or revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years.

Singapore-incorporated companies listed on SGX-ST will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will adopt the new framework on 1 January 2018.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note 8 – utilisation of tax losses
- Note 9 – valuation of inventories
- Note 10 – recoverability of trade receivables

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

3.1 Basis of consolidation

Subsidiaries

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

Transactions eliminated on consolidation

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

Accounting for subsidiaries

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

3.2 Foreign currency

Foreign currency transactions

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency (Continued)

Foreign currency transactions (Continued)

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

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollar at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollar at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

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

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

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment

Subsequent costs

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

Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

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

Building on freehold land	50 years
Leasehold land and buildings	Lease term, being not more than 50 years
Plant, machinery and office equipment	4 to 12 years

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

3.4 Intangible assets

Measurement

Computer software licenses that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives of computer software licenses for the current and comparative years are 4 to 5 years.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses. A write-down on cost is made when the cost is not recoverable or if the selling prices have declined below cost.

3.6 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets of the Group comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables of the Group comprise trade and other receivables and cash and cash equivalents.

For the purpose of the consolidated statement of cash flows, bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

Non-derivative financial liabilities (Continued)

Non-derivative financial liabilities of the Group comprise borrowings, and trade and other payables.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. The Group does not trade derivative financial instruments for speculative purposes.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. All changes in fair value are recognised in profit or loss immediately.

Share capital

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

3.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

Non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

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

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

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

3.8 Provisions

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

Warranty

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

3.9 Employee benefits

Defined contribution plans

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Employee benefits (Continued)

Defined benefit plans

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

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

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

Past service costs are recognised immediately in profit or loss.

Short-term employee benefits

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

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

3.10 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates and sales related taxes. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

3.11 Finance costs

Finance costs comprise interest expense on borrowings and net change in fair value of derivatives. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Tax expense

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

3.13 Leases

Leased assets

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Leases (Continued)

Lease payments

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

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

Determining whether an arrangement contains a lease

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

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

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

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

3.14 Earnings per share

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

3.15 Segment reporting

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 New standards and interpretations not adopted

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
FRS 7 (Amendments)	:	Disclosure Initiative	1 January 2017
FRS 12 (Amendments)	:	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 109	:	Financial Instruments	1 January 2018
FRS 115	:	Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	:	Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	:	Leases	1 January 2019
INT FRS 122	:	Foreign Currency Transactions and Advance Consideration	1 January 2018

The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group. The Group does not plan to adopt these standards early.

These new standards include, among others, FRS 115 Revenue from Contracts with Customers and FRS 109 Financial Instruments which are mandatory for the adoption by the Group on 1 January 2018.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities. The Group has performed its preliminary assessment of the classification and measurement of it financial assets and liabilities and does not expect any significant changes to the classification and measurement of it financial assets and liabilities currently measured at amortised cost and fair value through profit or loss upon adoption of the standard. No financial liabilities are designated at fair value through profit or loss, therefore the Group also does not expect the adoption of the standard would result in any impact to the Group.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 New standards and interpretations not adopted (Continued)

FRS 109 Financial Instruments (Continued)

Impairment

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment loss allowances as well as interest revenue. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income, the Group will recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables due from third parties and related parties, the Group will initially provide for 12 months expected losses under the three-stage model. The Group is still in the process of determining how it will estimate expected credit losses and the sources of forward-looking data.

Transition

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year. The Group will include additional disclosures in its financial statements in the financial year when FRS 109 is adopted.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has performed a preliminary assessment of revenue from distribution of electric motors. Based on the preliminary assessment, the Group did not identify any potential significant impact on the timing and profile of revenue recognition under FRS 115.

The Group also provides after sales support for warranty claims by customers. Under FRS 115, the Group does not expect the after sales support to be a separate performance obligation as the customers does not have the option to purchase the warranty separately and is not in addition to the assurance the electric motors complies with agreed-upon specifications. Accordingly, the Group will continue to recognise the provision under FRS 37.

The Group plans to adopt FRS 115 in the financial year beginning on 1 January 2018 using the full retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 New standards and interpretations not adopted (Continued)

FRS 116 Leases

FRS 116 supersedes FRS 17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of FRS 116, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases. On adoption of FRS 116, the Group will be required to capitalise its rented office premises and other operating facilities on the statement of financial position by recognising them as "right-of-use" assets and their corresponding lease liabilities for the present value of future lease payments. The Group plans to adopt the standard in the financial year beginning on 1 January 2019 using the modified retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

Adoption of IFRS-identical financial reporting standards

The Group will adopt the new framework on 1 January 2018 and will apply the equivalent of IFRS 1 *First-time Adoption of International Financial Reporting Standards* to the transition. This will involve restating the comparatives for the financial year ended 31 December 2017 and the opening statements of financial position as at 1 January 2017 in accordance with the new framework. The Group is in the process of assessing the impact of transition, including the impact from the adoption from the adoption of IFRS 9 and 15 which is expected to be similar to the impact of FRS 109 and 115 disclosed above, as well as other transitional adjustments that may be required or elected under IFRS 1.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Building on freehold land $'000	Leasehold land and buildings $'000	Plant, machinery and office equipment $'000	Total $'000
Group					
Cost					
At 1 January 2016	**918**	**1,491**	**216**	**8,652**	**11,277**
Additions	**–**	**–**	**–**	**65**	**65**
Disposals	**–**	**–**	**–**	**(48)**	**(48)**
Effects of movements in exchange rates	**48**	**79**	**(33)**	**(1,155)**	**(1,061)**
At 31 December 2016	**966**	**1,570**	**183**	**7,514**	**10,233**
Accumulated depreciation					
At 1 January 2016	**–**	**725**	**216**	**8,120**	**9,061**
Depreciation for the financial year	**–**	**43**	**–**	**129**	**172**
Disposals	**–**	**–**	**–**	**(48)**	**(48)**
Effects of movements in exchange rates	**–**	**39**	**(33)**	**(1,130)**	**(1,124)**
At 31 December 2016	**–**	**807**	**183**	**7,071**	**8,061**
Net carrying amount					
At 31 December 2016	**966**	**763**	**–**	**443**	**2,172**
Cost					
At 1 January 2015	1,028	1,572	212	8,472	11,284
Additions	–	91	–	117	208
Disposals	–	–	–	(82)	(82)
Effects of movements in exchange rates	(110)	(172)	4	145	(133)
At 31 December 2015	918	1,491	216	8,652	11,277
Accumulated depreciation					
At 1 January 2015	–	763	212	7,913	8,888
Depreciation for the financial year	–	45	–	158	203
Disposals	–	–	–	(82)	(82)
Effects of movements in exchange rates	–	(83)	4	131	52
At 31 December 2015	–	725	216	8,120	9,061
Net carrying amount					
At 31 December 2015	918	766	–	532	2,216

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant, machinery and office equipment $'000
Company	
Cost	
At 1 January 2016	**212**
Additions	**35**
Disposals	**(48)**
At 31 December 2016	**199**
Accumulated depreciation	
At 1 January 2016	**182**
Depreciation	**23**
Disposals	**(48)**
At 31 December 2016	**157**
Net carrying amount	
At 31 December 2016	**42**
Cost	
At 1 January 2015	210
Additions	2
At 31 December 2015	212
Accumulated depreciation	
At 1 January 2015	155
Depreciation	27
At 31 December 2015	182
Net carrying amount	
At 31 December 2015	30

The carrying amount of plant, machinery and office equipment held by the Group under finance lease amounted to $16,000 (2015: $48,000).

Security

As at 31 December 2016, the building on a freehold land of the Group with a carrying amount of $1,729,000 (2015: $1,684,000) were pledged as security to secure bank borrowings (Note 19).

NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. SUBSIDIARIES

	2016 $'000	2015 $'000
Unquoted equity shares, at cost	**65,702**	65,702
Allowance for impairment losses	**(53,699)**	(53,699)
	12,003	12,003
Discount implicit in interest-free loan to a subsidiary	**192**	192
	12,195	12,195

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

Details of the significant subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal and incorporation place of business	Ownership interest 2016 %	Ownership interest 2015 %
Held by the Company				
Brook Crompton UK Limited[1]	Distribution of electric motors	United Kingdom	**100**	100
Brook Crompton Limited[2]	Distribution of electric motors	Canada	**100**	100
Brook Crompton USA, Inc[2]	Distribution of electric motors	United States of America	**100**	100
Brook Crompton Asia Pacific Pte. Ltd.[3]	Distribution of electric motors	Singapore	**100**	100

(1) Audited by BDO LLP, United Kingdom, a member firm of BDO International Limited
(2) Audited by BDO Canada LLP, a member firm of BDO International Limited
(3) Audited by BDO LLP, Singapore, a member firm of BDO International Limited

Movement in allowance for impairment losses in respect of investments in subsidiaries of the Company during the financial year are as follows:

	Company 2016 $'000	Company 2015 $'000
At 1 January	**53,699**	56,578
Reversal of impairment losses	**–**	(2,879)
At 31 December	**53,699**	53,699

During the previous financial year, the Company performed an impairment review to assess the recoverable amount of the investment in subsidiaries. The estimate of the recoverable amount of the subsidiaries were based on the net asset value which approximates fair value less cost to sell, as the net asset value comprises mainly monetary assets and liabilities. Based on the assessment, a reversal of impairment loss amounted to $2,879,000 was recognised in the previous financial year.

6. INTANGIBLE ASSETS

	Group and Company	
	2016	2015
	$'000	$'000
Computer software licenses		
Cost		
At 1 January and 31 December	**46**	46
Accumulated amortisation		
At 1 January	**46**	45
Amortisation	**–**	1
At 31 December	**46**	46
Net carrying amount		
At 31 December	**–**	–

7. OTHER RECEIVABLES – NON-CURRENT

	Company	
	2016	2015
	$'000	$'000
Amounts due from subsidiaries	**4,695**	4,650
Impairment losses	**(4,695)**	(4,650)
	–	–

The amounts due from subsidiaries are unsecured, interest-free and repayments are not expected within the next 12 months.

Movement in allowance for impairment losses in respect of other receivables of the Company during the financial year is as follows:

	Company	
	2016	2015
	$'000	$'000
At 1 January	**4,650**	4,506
Allowances charged to profit or loss	**45**	144
At 31 December	**4,695**	4,650

8. DEFERRED TAX ASSETS/(LIABILITIES)

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

	Group			
	Assets		Liabilities	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Property, plant and equipment	**–**	–	**(312)**	(306)
Retirement benefit liabilities	**81**	50	**–**	–
Provision for warranty	**32**	11	**–**	–
Unutilised tax losses	**1,338**	1,072	**–**	–
Deferred tax assets/(liabilities)	**1,451**	1,133	**(312)**	(306)
Set-off tax	**(240)**	(271)	**240**	271
Net deferred tax assets/(liabilities)	**1,211**	862	**(72)**	(35)

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

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

	At 1 January 2015	Recognised in profit of loss (Note 23)	Recognised in other comprehensive* income	Effect of movements in exchange rates	At 31 December 2015	Recognised in profit of loss (Note 23)	Recognised in other comprehensive* income	Effect of movements in exchange rates	At 31 December 2016
Group									
Deferred tax assets									
Provision	9	3	–	(1)	11	19	–	2	**32**
Retirement benefit liabilities	44	6	5	(5)	50	9	18	4	**81**
Unutilised tax losses	2,720	(1,682)	–	34	1,072	343	–	(77)	**1,338**
	2,773	(1,673)	5	28	1,133	371	18	(71)	**1,451**
Deferred tax liabilities									
Property, plant and equipment	(353)	10	–	37	(306)	9	–	(15)	**(312)**

* Net recorded in other comprehensive income amounting to $18,000 (2015: $5,000).

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

At 31 December, deferred tax assets relating to the following temporary differences have not been recognised:

	Group	
	2016	**2015**
	$'000	**$'000**
Unutilised tax losses	**1,495**	2,945

Deferred tax assets are recognised for unutilised tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised and is subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the Group operates. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected profits based on profit forecasts for the next 5 years. The tax losses will expire between 2025 and 2036 (2015: between 2025 and 2035).

No deferred tax assets have been recognised in respect of the above losses as the management is not confident that there will be sufficient future taxable profits to realise these future benefits. In accordance with the accounting policy of the Group as set out in Note 3.12, deferred tax benefits amounting to approximately $548,000 (2015: $1,120,000) have not been recognised in the financial statements.

During the financial year, the Group recognised deferred tax assets amounting to $714,000 arising from unutilised tax losses of a subsidiary that had suffered a loss during the financial year. The recognition of deferred tax assets was determined using the profit forecast for the next 5 years.

There are no temporary differences in connection with investment in subsidiaries.

9. INVENTORIES

	Group	
	2016	**2015**
	$'000	**$'000**
Goods for resale	**14,727**	17,037
Spare parts	**293**	359
	15,020	17,396

In 2016, the cost of inventories recognised as an expense and included in cost of sales amounted to $31,400,000 (2015: $33,330,000).

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

In 2016, the write-down of inventories to net realisable value, due to management's reassessment of the margins earned on sales of aged inventories, amounted to $58,000 (2015: reversal of inventories written down amounted to $591,000) for the Group. These are included under cost of sales.

10. TRADE AND OTHER RECEIVABLES

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade receivables				
– third parties	**11,415**	9,725	**–**	–
– related corporations	**399**	54	**–**	–
Allowance for impairment of trade receivables – third parties	**(407)**	(417)	**–**	–
	11,407	9,362	**–**	–
Non-trade amounts due from:				
– subsidiaries	**–**	–	**1,770**	4,545
– immediate holding company	**–**	45	**–**	45
– related corporations	**15**	24	**11**	19
Sundry receivables	**97**	60	**56**	40
Goods and services tax ("GST") recoverable	**5**	–	**5**	–
	11,524	9,491	**1,842**	4,649

The Group's and the Company's exposure to credit, foreign currency and liquidity risks are disclosed in Note 27.

Trade receivables are unsecured, non-interest bearing and generally on 30 to 120 days' credit terms.

Non-trade amounts due from subsidiaries, immediate holding company and related corporations are unsecured, interest-free, and repayable on demand.

Source of estimation uncertainty

The Group evaluates whether there is any objective evidence that trade and other receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the trade and other receivables balance, credit worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than that estimated.

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

	Gross 2016 $'000	Impairment losses 2016 $'000	Gross 2015 $'000	Impairment losses 2015 $'000
Group				
Not past due	**6,741**	**–**	5,508	–
Past due 1 – 90 days	**3,684**	**–**	3,469	–
Past due 91 – 180 days	**959**	**–**	115	–
Past due more than 180 days	**547**	**(407)**	816	(417)
	11,931	**(407)**	9,908	(417)
Company				
Not past due	**287**	**–**	3,340	–
Past due 1 – 90 days	**98**	**–**	118	–
Past due 91 – 180 days	**277**	**–**	113	–
Past due more than 180 days	**1,180**	**–**	1,078	–
	1,842	**–**	4,649	–

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Based on historical payment behaviours and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available, the Group and the Company believe that the unimpaired amounts are still collectible.

Movements in allowance for impairment losses in respect of trade and other receivables of the Group during the financial year are as follows:

	Note	2016 $'000	2015 $'000
Group			
At 1 January		**417**	468
Reversal of impairment losses recognised	21	**(1)**	(32)
Impairment utilised		**(4)**	(3)
Effect of movements in exchange rates		**(5)**	(16)
At 31 December		**407**	417

11. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2016 $'000	2015 $'000
Derivative assets		
Foreign exchange forward contracts	**–**	94
Foreign exchange call options	**–**	130
	–	224
Derivative liabilities		
Foreign exchange forward contracts	**99**	–
Foreign exchange call options	**80**	–
	179	–

The Group is a party to a variety of foreign exchange forward contracts in the management of its exchange rate exposures arising from its foreign currency denominated business transactions. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

As at the end of the financial year, the settlement dates on open forward contracts ranged between 3 to 9 months (2015: 2 to 9 months). The contracted notional principal amount to be bought and sold and contractual exchange rates of the Group's outstanding contracts as at the end of the financial year are:

	Group	
	2016 $'000	2015 $'000
Foreign exchange forward contracts		
– Buy Euro at an average rate of GBP/EUR 0.8742 (2015: GBP/EUR 0.7176)	**5,444**	3,015

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12. CASH AND CASH EQUIVALENTS

		Group		Company	
		2016	2015	2016	2015
	Note	$'000	$'000	$'000	$'000
Cash at bank and in hand		**8,676**	9,456	**1,670**	1,075
Bank overdrafts	19	**(1,835)**	(1,684)	**–**	–
Cash and cash equivalents as per consolidated statement of cash flows		**6,841**	7,772	**1,670**	1,075

13. SHARE CAPITAL

	Group and Company	
	2016 No. of shares '000	2015 No. of shares '000
Issued and fully-paid with no par value:		
In issue at 1 January	**35,459**	709,178
Shares consolidation	**–**	(673,719)
In issue at 31 December	**35,459**	35,459

On 5 May 2015, the Company consolidated 20 existing issued ordinary shares into 1 ordinary share.

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

On 5 May 2015, the Company consolidated 20 existing issued ordinary shares into 1 ordinary share.

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

Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern through the optimisation of the debt and total equity attributable to owners of the Company.

The capital structure of the Group consists of net debt and total equity attributable to owners of the Company, comprising share capital (Note 13), accumulated losses and other reserves (Note 14).

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

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

The Group was subject to and has complied with externally imposed capital requirements for the financial years ended 31 December 2015 and 2016.

14. OTHER RESERVES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Translation reserve	**(1,517)**	692	**–**	–
Capital reserve	**18,650**	18,650	**18,650**	18,650
	17,133	19,342	**18,650**	18,650

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

Capital reserve are non-distributable and represents:

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

(ii) the difference between fair value of the interest-free loan from its intermediate holding company and the loan amount at inception (Note 15).

15. LOAN FROM INTERMEDIATE HOLDING COMPANY

	Group and Company	
	2016	**2015**
	$'000	**$'000**
Current portion, at amortised cost	**–**	1,736

Loan from intermediate holding company arose from a summary judgement sum granted to a former subsidiary by the Singapore High Court on 30 September 2011.

On 1 April 2012, the summary judgement sum was assigned to the intermediate holding company through two independent parties. Pursuant to the assignments, the Company was liable to the intermediate holding company.

On 5 April 2012, the Company entered into a deed of settlement with the intermediate holding company in respect of the summary judgement sum. Pursuant to the deed of settlement, the Company shall pay to the intermediate holding company the amount of €8,465,833 (approximately $13,508,000) in five instalments in accordance with the following repayment schedule, in full and final settlement of the summary judgement sum:

i. €253,333 on or before 15 December 2012;
ii. €2,190,000 on or before 15 December 2013;
iii. €2,098,750 on or before 15 December 2014;
iv. €2,007,500 on or before 15 December 2015; and
v. €1,916,250 on or before 15 June 2016.

This loan was unsecured, interest-free and has fixed repayment schedules. Accordingly, this interest-free loan was stated at fair value at inception and the difference between the fair value and the loan amount at inception was recognised in capital reserve as part of shareholders' equity (Note 14). Fair value at inception was determined based on expected future principal cash flows, discounted at an interest rate of 5% per annum. The loan is subsequently measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest expense in profit or loss over the term of the loan.

The loan has been fully repaid during the current financial year.

16. RETIREMENT BENEFIT LIABILITIES

	Group	
	2016	**2015**
	$'000	**$'000**
Present value of retirement benefit obligations	**(2,645)**	(2,381)
Fair value of plan assets	**2,338**	2,190
	(307)	(191)

The Group operates a post-employment defined benefit plan for its employees in Canada.

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

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

Movement in the present value of retirement benefit obligations

	Group	
	2016	**2015**
	$'000	**$'000**
Retirement benefit obligations at 1 January	**(2,381)**	(2,301)
Included in profit or loss		
Current service costs	**(221)**	(219)
Interest costs	**(111)**	(102)
	(332)	(321)
Included in other comprehensive income		
Remeasurements – actuarial loss*	**(110)**	(31)
Others		
Benefits paid by the plan	**304**	10
Effects of movement in exchange rate	**(126)**	262
	178	272
Retirement benefit obligations at 31 December	**(2,645)**	(2,381)

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

16. RETIREMENT BENEFIT LIABILITIES (CONTINUED)

Movement in the fair value of plan assets

	Group	
	2016 $'000	**2015 $'000**
Fair value of plan assets at 1 January	**2,190**	2,128
Included in profit or loss		
Interest income	**98**	94
Included in other comprehensive income		
Return on plan assets, excluding interest income*	**40**	14
Others		
Contributions paid in the plan	**201**	206
Benefits paid by the plan	**(304)**	(10)
Effects of movement in exchange rate	**113**	(242)
	10	(46)
Fair value of plan assets at 31 December	**2,338**	2,190

* Net recorded in other comprehensive income amounting to $70,000 (2015: $17,000).

The plan assets are invested in the following areas:

	Group	
	2016 %	**2015 %**
Equity	**65**	65
Bond	**31**	31
Cash	**4**	4
Total	**100**	100

Expense recognised in profit or loss

	Group	
	2016 $'000	**2015 $'000**
Current service costs	**(221)**	(219)
Net interest on net retirement benefit liabilities	**(13)**	(8)
Total included in employee benefits expense (Note 21)	**(234)**	(227)

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

	Group	
	2016 $'000	**2015 $'000**
Distribution and marketing expenses	**(171)**	(159)
Administrative expenses	**(63)**	(68)
	(234)	(227)

16. RETIREMENT BENEFIT LIABILITIES (CONTINUED)

Expense recognised in profit or loss (Continued)

The financial actuarial assumptions used are as follows:

	Group	
	2016	**2015**
	%	**%**
Discount rate	**4.0**	4.2
Future pension increment	**3.0**	3.0
Longevity at retirement age	**20**	20

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

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

The weighted-average duration of the defined benefit obligation at 31 December 2016 was 24.64 years (2015: 22.88 years).

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables				
– third parties	**1,428**	1,700	**–**	–
– related corporations	**4,887**	7,087	**–**	–
	6,315	8,787	**–**	–
Non-trade amounts due to:				
– immediate holding company	**–**	4	**–**	4
– a subsidiary	**–**	–	**1**	–
– related corporations	**88**	24	**4**	4
Accrued staff costs	**722**	744	**50**	78
Accrued operating expenses	**1,557**	803	**158**	196
Value-added tax ("VAT") payables	**368**	279	**–**	–
Trade and other payables	**9,050**	10,641	**213**	282

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

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

The Group's and the Company's exposure to foreign currency and liquidity risks are disclosed in Note 27.

18. PROVISION FOR WARRANTY

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

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

	Group	
	2016 **$'000**	**2015** **$'000**
At 1 January	**120**	108
Provision (written back)/made during the financial year	**(7)**	35
Provision utilised during the financial year	**(19)**	(24)
Effects of movement in exchange rate	**3**	1
At 31 December	**97**	120

19. BORROWINGS

		Group	
	Note	**2016** **$'000**	**2015** **$'000**
Current			
Bank overdrafts	12	**1,835**	1,684
Finance lease payables		**6**	15
		1,841	1,699
Non-current			
Finance lease payables		**9**	13

The Group's and the Company's exposure to foreign currency, interest rate and liquidity risks are disclosed in Note 27.

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

				2016		2015	
	Currency	**Nominal interest rate**	**Year of maturity**	**Face value $'000**	**Carrying amount $'000**	**Face value $'000**	**Carrying amount $'000**
Group							
Bank overdrafts	USD	Prime Lending Rate+1.5%	N/A	**1,835**	**1,835**	1,684	1,684
Finance lease	USD	5.0	2016	**–**	**–**	9	8
Finance lease	CAD	6.2	2016	**–**	**–**	2	1
Finance lease	CAD	5.8	2019	**17**	**15**	21	19
				1,852	**1,850**	1,716	1,712

The bank overdrafts of $1,835,000 (2015: $1,684,000) are secured on properties held by a subsidiary with carrying amounts of $1,729,000 (2015: $1,684,000) (Note 4).

19. BORROWINGS (CONTINUED)

Finance lease

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

	2016			2015		
	Future minimum lease payments $'000	**Interest $'000**	**Present value of minimum lease payments $'000**	**Future minimum lease payments $'000**	**Interest $'000**	**Present value of minimum lease payments $'000**
Group						
Not later than one year	**7**	**1**	**6**	17	2	15
Later than one year and not later than five years	**10**	**1**	**9**	15	2	13
	17	**2**	**15**	32	4	28

20. REVENUE

	Group	
	2016 $'000	**2015 $'000**
Sale of goods	**47,806**	50,764

21. PROFIT BEFORE INCOME TAX

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

		Group	
	Note	**2016 $'000**	**2015 $'000**
Audit fees			
– auditor of the Company		**70**	109
– other auditors		**78**	129
Spare parts and goods for resale		**29,025**	37,466
Changes in inventories of spare parts and goods for resale		**2,375**	(4,136)
Depreciation and amortisation		**172**	204
Employee benefits expense*		**7,054**	7,786
Gain on disposal of property, plant and equipment		**–**	(4)
Reversal of allowance for impairment of trade receivables	10	**(1)**	(32)
Operating lease income		**(55)**	(57)
Write off/(Reversal) of inventories write-down	9	**58**	(591)
Operating lease expense		**1,064**	1,179

21. PROFIT BEFORE INCOME TAX (CONTINUED)

	Note	Group 2016 $'000	Group 2015 $'000
Employee benefits expense*			
Salaries, wages and other benefits		**5,723**	6,355
Employer's contributions to defined contribution plans including Central Provident Funds and social security charges		**1,097**	1,204
Employer's contribution to retirement benefits plan	16	**234**	227
		7,054	7,786

The employee benefit expenses are recognised in the following line items in profit or loss:

	Group 2016 $'000	Group 2015 $'000
Distribution and marketing expenses	**4,558**	5,092
Administrative expenses	**2,496**	2,694
	7,054	7,786

* Included in the employee benefits expenses were key management remuneration as disclosed in Note 28 to the financial statements.

22. FINANCE EXPENSES/(INCOME)

	Group 2016 $'000	Group 2015 $'000
Interest expense:		
– bank overdrafts	**69**	47
– finance lease	**2**	4
– loan from intermediate holding company	**(34)**	172
Interest income	**(7)**	(9)
Net foreign exchange loss/(gain)	**35**	(225)
Net change in fair value of derivatives	**387**	(743)
	452	(754)

23. INCOME TAX (CREDIT)/EXPENSE

	Group 2016 $'000	Group 2015 $'000
Current tax expense		
– Singapore	**9**	2
– Foreign	**38**	32
	47	34
Deferred tax (income)/expense	**(380)**	1,663
	(333)	1,697
Overprovision of current tax expense in prior years	**(1)**	(137)
	(334)	1,560

23. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

Reconciliation of effective tax rate

	Group	
	2016 **$'000**	**2015** **$'000**
Profit before tax	**4,008**	5,001
Tax calculated at tax rate of 17%	**681**	850
Effects of different tax rates in other countries	**13**	(45)
Income not subject to tax	**(693)**	(79)
Expenses not deductible for tax purposes	**328**	926
Tax incentive	**(29)**	(3)
Current year losses for which no deferred tax asset was recognised	**94**	67
Utilisation of previously unrecognised unutilised tax losses	**(9)**	(9)
Recognition of deferred tax benefits from previously unrecognised unutilised tax losses	**(714)**	–
Changes in unrecognised temporary differences	**(4)**	(10)
Overprovision of current tax expense in prior years	**(1)**	(137)
	(334)	1,560

24. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2016 was based on the profit attributable to ordinary shareholders of $4,342,000 (2015: $3,441,000), and a weighted average number of ordinary shares outstanding of 35,459,000 (2015: 35,459,000), calculated as follows:

	Group	
	2016 **$'000**	**2015** **$'000**
Basic and diluted earnings per share is based on:		
Profit attribution to ordinary shareholders	**4,342**	3,441

	Number of ordinary shares	
	2016 **'000**	**2015** **'000**
Weighted average number of ordinary shares during the year applicable to basic and diluted earnings per shares (Note 13)	**35,459**	35,459

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

25. DIVIDENDS

The Directors of the Company recommend a final tax-exempt cash dividend of $0.02 (2015: Nil) per share amounting to approximately $709,000 (2015: Nil) be paid in respect of current financial year. This final dividend has not been recognised as a liability as at the end of the financial year as it is subject to approval by shareholders at the forthcoming Annual General Meeting of the Company.

26. OPERATING LEASES

Operating lease commitments – where the Group and the Company are lessee

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

As at the end of the financial year, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Not later than one year	**780**	922	**117**	64
Later than one year and not later than five years	**1,691**	2,064	**68**	–
Later than five years	**1,087**	1,711	**–**	–
	3,558	4,697	**185**	64

Operating lease commitments – where the Group is a lessor

The Group has entered into office building sub-lease on its leasehold building. The non-cancellable lease has remaining lease terms of less than a year. There is no contingent rental charged to its lessee.

As at 31 December, the future minimum lease receivable under non-cancellable leases are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year	**18**	21
Later than one year and not later than five years	**–**	21
	18	42

27. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

- market risk
- credit risk
- liquidity risk

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

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

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27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management framework

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

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

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

Market risk

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

Currency risk

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

Purchases of electric motors in non-functional currencies formed bulk of the currency risk exposure of one of its subsidiaries, i.e., Brook Crompton UK Limited. Management minimises such risk through purchasing of foreign exchange forward contracts and foreign exchange call options based on forecasted purchases within a fixed period.

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

	Euro $'000	USD $'000	GBP $'000
Group			
2016			
Cash and cash equivalents	**3,073**	**1,441**	**1,150**
Trade and other receivables	**2,523**	**1,832**	**9**
Borrowings	**–**	**(1,835)**	**–**
Trade and other payables	**(2,609)**	**(2,784)**	**(2,288)**
Net financial assets/(liabilities)	**2,987**	**(1,346)**	**(1,129)**
Foreign exchange forward contracts	**5,444**	**–**	**–**
Currency exposures	**8,431**	**(1,346)**	**(1,129)**
Group			
2015			
Cash and cash equivalents	427	487	699
Trade and other receivables	1,211	2,040	3,165
Borrowings	–	(1,692)	–
Loan from intermediate holding company	(1,736)	–	–
Trade and other payables	(2,435)	(2,985)	(1,677)
Net financial (liabilities)/assets	(2,533)	(2,150)	2,187
Foreign exchange forward contracts	3,015	–	–
Currency exposures	482	(2,150)	(2,187)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (Continued)

	Euro $'000	USD $'000	GBP $'000
Company			
2016			
Cash and cash equivalents	**1**	**232**	**1,145**
Trade and other receivables	**–**	**749**	**8**
Trade and other payables	**–**	**(1)**	**(4)**
Currency exposures	**1**	**980**	**1,149**
2015			
Cash and cash equivalents	2	8	692
Trade and other receivables	–	830	3,164
Loan from intermediate holding company	(1,736)	–	–
Trade and other payables	(4)	–	–
Currency exposures	(1,738)	838	3,856

Sensitivity analysis

Except for GBP which assumes a strengthening of 15% (2015: 5%), a 5% (2015: 5%) strengthening of Euro and USD against Singapore dollar at the reporting date would increase/(decrease) profit or loss by the amounts shown below. There is no impact on equity. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Euro	**422**	24	**–**	(87)
USD	**(67)**	(108)	**49**	42
GBP	**(169)**	109	**172**	193

Except for GBP which assumes a weakening of 15% (2015: 5%), a 5% (2015: 5%) weakening of the above currencies against Singapore dollar would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

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

Exposure to interest rate risk

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

	Group Carrying amount	
	2016 $'000	2015 $'000
Fixed rate instruments		
Financial liabilities	**15**	28
Variable rate instruments		
Financial liabilities	**1,835**	1,684

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash flow sensitivity analysis for variable rate instruments

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

	Group Profit before tax	
	1.5% Increase $'000	1.5% Decrease $'000
2016		
Variable rate instruments		
Financial liabilities/cash flow sensitivity (net)	**(28)**	**28**
2015		
Variable rate instruments		
Financial liabilities/cash flow sensitivity (net)	(25)	25

Credit risk

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

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

For trade receivables, the Group adopts the policy of dealing only with customers of good credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties and are at acceptable risk.

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

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

		Group	
	Note	2016 $'000	2015 $'000
By geographical area:			
Singapore		**74**	76
Asia Pacific (excluding Singapore)		**548**	528
United Kingdom		**5,445**	5,517
North America		**3,010**	2,175
Europe		**2,264**	389
Middle East		**66**	659
Others		**–**	18
	10	**11,407**	9,362

Cash and cash equivalents are placed with financial institutions which are regulated and with high credit rating assigned by international credit rating agencies.

The Group and Company do not have any significant credit exposures to any single counterparty or any group of counterparties having similar characteristics except for non-trade amounts due from subsidiaries as disclosed in Note 10.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

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

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

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

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000
Group				
2016				
Non-derivative financial liabilities				
Bank overdrafts	**1,835**	**(1,908)**	**(1,908)**	**–**
Finance lease	**15**	**(17)**	**(7)**	**(10)**
Trade and other payables*	**8,682**	**(8,682)**	**(8,682)**	**–**
	10,532	**(10,607)**	**(10,597)**	**(10)**
Derivative financial instruments				
Foreign exchange forward contracts used for hedging (gross-settled):				
– Outflow	**5,444**	**(5,444)**	**(5,444)**	**–**
– Inflow	**(5,345)**	**5,345**	**5,345**	**–**
Foreign exchange call options	**80**	**(80)**	**(80)**	**–**
	179	**(179)**	**(179)**	**–**
	10,711	**(10,786)**	**(10,776)**	**(10)**
2015				
Non-derivative financial liabilities				
Bank overdrafts	1,684	(1,760)	(1,760)	–
Finance lease	28	(32)	(17)	(15)
Loan from intermediate holding company	1,736	(1,780)	(1,780)	–
Trade and other payables*	10,362	(10,362)	(10,362)	–
	13,810	(13,934)	(13,919)	(15)
Derivative financial instruments				
Foreign exchange forward contracts used for hedging (gross-settled):				
– Outflow	3,015	(3,015)	(3,015)	–
– Inflow	(3,109)	3,109	3,109	–
Foreign exchange call options	(130)	130	130	–
	(224)	224	224	–
	13,586	(13,710)	(13,695)	(15)

* VAT excluded.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000
Company				
2016				
Non-derivative financial liabilities				
Trade and other payables	**213**	**(213)**	**(213)**	**–**
2015				
Non-derivative financial liabilities				
Loan from intermediate holding company	1,736	(1,780)	(1,780)	–
Trade and other payables	282	(282)	(282)	–
	2,018	(2,062)	(2,062)	–

Estimation of fair value

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting dates. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

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

The fair value of derivative instruments is determined using broker quote at the end of the reporting period.

Accounting classification and fair values

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

	Note	Fair value – hedging instruments $'000	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group						
31 December 2016						
Financial liabilities at fair value						
Derivatives financial instruments	11	**(179)**	**–**	**–**	**(179)**	**(179)**
Financial assets not measured at fair value						
Trade and other receivables**	10	**–**	**11,519**	**–**	**11,519**	**11,519**
Cash and cash equivalents	12	**–**	**8,676**	**–**	**8,676**	**8,676**
		–	**20,195**	**–**	**20,195**	**20,195**
Financial liabilities not measured at fair value						
Trade and other payables*	17	**–**	**–**	**(8,682)**	**(8,682)**	**(8,682)**
Bank overdrafts	19	**–**	**–**	**(1,835)**	**(1,835)**	**(1,835)**
Finance lease	19	**–**	**–**	**(15)**	**(15)**	**(15)**
		–	**–**	**(10,532)**	**(10,532)**	**(10,532)**

* VAT excluded.

** GST excluded

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classification and fair values (Continued)

	Note	Fair value – hedging instruments $'000	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group						
31 December 2015						
Financial assets measurement at fair value						
Derivatives financial instruments	11	224	–	–	224	224
Financial assets not measured at fair value						
Trade and other receivables	10	–	9,491	–	9,491	9,491
Cash and cash equivalents	12	–	9,456	–	9,456	9,456
		–	18,947	–	18,947	18,947
Financial liabilities not measured at fair value						
Loan from intermediate holding company	15	–	–	(1,736)	(1,736)	(1,736)
Trade and other payables*	17	–	–	(10,362)	(10,362)	(10,362)
Bank overdrafts	19	–	–	(1,684)	(1,684)	(1,684)
Finance lease	19	–	–	(28)	(28)	(28)
		–	–	(13,810)	(13,810)	(13,810)

* VAT excluded.

	Note	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Company					
31 December 2016					
Financial assets not measured at fair value					
Trade and other receivables**	10	**1,837**	**–**	**1,837**	**1,837**
Cash and cash equivalents	12	**1,670**	**–**	**1,670**	**1,670**
		3,507	**–**	**3,507**	**3,507**
Financial liabilities not measured at fair value					
Trade and other payables	17	**–**	**(213)**	**(213)**	**(213)**
31 December 2015					
Financial assets not measured at fair value					
Trade and other receivables	10	4,649	–	4,649	4,649
Cash and cash equivalents	12	1,075	–	1,075	1,075
		5,724	–	5,724	5,724
Financial liabilities not measured at fair value					
Loan from intermediate holding company	15	–	(1,736)	(1,736)	(1,736)
Trade and other payables	17	–	(282)	(282)	(282)
		–	(2,018)	(2,018)	(2,018)

** GST excluded

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value measurement

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy.

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 2 $'000
Group	
2016	
Derivative financial instruments	**(179)**
2015	
Derivative financial instruments	224

28. RELATED PARTIES

Key management personnel compensation

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

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Salaries, fees and other short-term employee benefits	**1,452**	1,494	**398**	407
Post-employment benefits	**112**	104	**8**	7
	1,564	1,598	**406**	414

28. RELATED PARTIES (CONTINUED)

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

Other related party transactions

	Group	
	2016	2015
	$'000	$'000
Administrative fee income from immediate holding company	**5**	1
Administrative fee income from related corporations	**11**	10
Commission income from related corporations	**63**	43
Interest expense charged by intermediate holding company	**33**	(172)
License fee income from a related corporation	**520**	599
Purchase of inventories from related corporations	**(21,799)**	(25,586)
Recharge of expenses by immediate holding company	**(13)**	(7)
Recharge of expenses by related corporations	**(112)**	(1)
Recharge of expenses to related corporations	**–**	12
Guarantee fees to immediate holding company	**(1)**	(18)
Rental income received from a related corporation	**36**	36
Sale of motors to related corporations	**16**	62

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

Outstanding balances as at 31 December 2016, arising from sale/purchase of goods and services, are set out in Notes 10 and 17, respectively.

29. OPERATING SEGMENTS

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

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

- Asia Pacific
- United Kingdom
- North America

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

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

NOTES TO
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

29. OPERATING SEGMENTS (CONTINUED)

	United Kingdom $'000	North America $'000	Asia Pacific $'000	Corporate $'000	Total $'000
Group					
2016					
Total segment sales	**24,202**	**20,955**	**5,384**	**–**	**50,541**
Elimination of intersegment sales	**(10)**	**(2,725)**	**–**	**–**	**(2,735)**
Sales to external parties	**24,192**	**18,230**	**5,384**	**–**	**47,806**
Segment results	**5,014**	**362**	**589**	**(1,368)**	**4,597**
Interest income	**7**	**–**	**–**	**–**	**7**
Interest expense	**–**	**(70)**	**–**	**33**	**(37)**
Depreciation and amortisation	**(46)**	**(101)**	**(3)**	**(22)**	**(172)**
Net change in fair value of derivatives	**(387)**	**–**	**–**	**–**	**(387)**
Profit/(Loss) before income tax	**4,588**	**191**	**586**	**(1,357)**	**4,008**
Segmental assets	**18,727**	**16,470**	**2,324**	**1,792**	**39,313**
The above assets include:					
Capital expenditure:					
– Property, plant and equipment	**25**	**4**	**–**	**36**	**65**
Segment liabilities	**4,819**	**5,901**	**743**	**214**	**11,677**
2015					
Total segment sales	29,364	19,359	4,629	–	53,352
Elimination of intersegment sales	(19)	(2,568)	(1)	–	(2,588)
Sales to external parties	29,345	16,791	4,628	–	50,764
Segment results	5,343	(345)	357	(683)	4,672
Interest income	9	–	–	–	9
Interest expense	–	(51)	–	(172)	(223)
Depreciation and amortisation	(59)	(113)	(3)	(29)	(204)
Net change in fair value of derivatives	743	–	–	–	743
Gain on disposal property plant and equipment	4	–	–	–	4
Profit/(Loss) before income tax	6,040	(509)	354	(884)	5,001
Segmental assets	20,405	16,870	1,593	1,217	40,085
The above assets include:					
Capital expenditure:					
– Property, plant and equipment	61	144	1	2	208
Segment liabilities	3,668	8,260	582	2,020	14,530

29. OPERATING SEGMENTS (CONTINUED)

The distribution business is operated in the following countries:

	Group Revenue	
	2016	**2015**
	$'000	**$'000**
Singapore	**5,384**	4,628
United Kingdom	**24,192**	29,345
United States	**10,967**	10,853
Canada	**7,263**	5,938
	47,806	50,764

	Group Non-current assets	
	2016	**2015**
	$'000	**$'000**
Singapore	**45**	37
United Kingdom	**156**	206
United States	**195**	226
Canada	**1,776**	1,747
	2,172	2,216

LETTER TO SHAREHOLDERS

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

12 April 2017

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

To: The Shareholders of Brook Crompton Holdings Ltd.

Dear Sir/Madam

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

1. BACKGROUND

We refer to (a) the Notice of the 69th Annual General Meeting ("2017 AGM") of Brook Crompton Holdings Ltd. (the "Company") dated 12 April 2017 (the "Notice of AGM") accompanying the Annual Report of the Company for the financial year ended 31 December 2016 (the "2016 Annual Report") in relation to the convening of the 2017 AGM of the Company which is scheduled to be held on 27 April 2017, and (b) Ordinary Resolution 9 in relation to the renewal of the General Mandate under the heading "Special Business" set out in the Notice of the 2017 AGM.

2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE

2.1 The Existing General Mandate

At the General Meeting held on 28 April 2016 (the "AGM"), shareholders of the Company ("Shareholders") approved the renewal of the General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions falling within the categories of ATB Interested Person Transactions described in the Company's circular to Shareholders dated 29 November 2006.

2.2 Proposed Renewal of the General Mandate

The General Mandate was expressed to continue to be in force until the conclusion of the next Annual General Meeting of the Company, being the forthcoming 2017 AGM. Accordingly, the directors of the Company (the "Directors") propose that the General Mandate be renewed at the forthcoming 2017 AGM. The particulars of the interested person transactions in respect of which the General Mandate is sought to be renewed remained unchanged.

LETTER TO SHAREHOLDERS

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

2.3 Details of the General Mandate

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

2.4 Confirmation of Audit Committee

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

(a) the methods or procedure for determining the transaction prices under the General Mandate have not changed subsequent to the 2016 AGM; and

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

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

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

LETTER TO SHAREHOLDERS

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

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

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

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

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

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

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

(7) Wolong Shunyu Investment Co. Ltd ("Wolong Shunyu") holds 32.80% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(8) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Wolong Shunyu and holds 13.01% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

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

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

(11) Pang Xinyuan is spouse of Chen Yanni, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

3.2 Abstention from voting

ATB, Wolong and their respective associates (as defined in the Listing Manual) will abstain from voting in respect of the Ordinary Resolution relating to the proposed renewal of the General Mandate at the forthcoming 2017 AGM.

Further, each of the persons mentioned in this paragraph 3.2 undertakes to decline to accept appointment to act as proxies for other Shareholders of the Company at the 2017 AGM or Ordinary Resolution 9 unless the Shareholder concerned shall have been given specific instructions as to the manner in which his votes are to be cast.

4. DIRECTORS' RECOMMENDATION

The Directors who are considered independent for the purposes of the proposed renewal of the General Mandate (the "Independent Directors") are Dr Knut Unger, and Mr Chao Mun Leong. The Independent Directors having considered, inter alia, the terms, the rationale and the benefits of the General Mandate, are of the view that the General Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution 9 relating to the General Mandate set out in the Notice of AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

6. **ADVICE TO SHAREHOLDERS**

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

7. **SGX-ST**

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

Yours faithfully

BROOK CROMPTON HOLDINGS LTD.
Chao Mun Leong

Singapore

THE APPENDIX

1. CHAPTER 9 OF THE LISTING MANUAL

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

1.2 For the purposes of Chapter 9:

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

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

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

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

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

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

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

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

THE APPENDIX

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

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

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

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

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

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

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

2. RATIONALE FOR THE GENERAL MANDATE

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

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

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

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

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

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

3. CLASSES OF ATB/WOLONG INTERESTED PERSONS

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

4. SCOPE OF THE GENERAL MANDATE

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

The materiality thresholds are:–

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

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

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

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

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

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

4.2 Types of Transactions under the Scope of the General Mandate

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

(a) Trading of electric motors and components

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

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

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

(b) Production and sub-contracting services

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

(c) Storage and warehousing of electric motors and components

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

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

(d) Receipt of financial assistance

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

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

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

(e) Management support services

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

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

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

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

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

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

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

(c) Threshold Limits

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

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

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

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

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

5.2 Storage and warehousing

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

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

5.3 Financial Assistance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. DISCLOSURE IN ANNUAL REPORT

Disclosure has been made in the section on Interested Person Transactions in this Annual Report of the aggregate value of transactions in excess of S$100,000 conducted with Interested Persons (as described in paragraph 3 of the appendix to this letter) pursuant to the existing General Mandate during the financial year ended 31 December 2016 and disclosure shall be made in the Annual Reports for subsequent financial years that the General Mandate continues in force in accordance with the requirements of Chapter 9.

ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2017

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

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 20 MARCH 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	779	16.43	48,188	0.14
100 – 1,000	2,774	58.50	1,076,649	3.04
1,001 – 10,000	1,043	21.99	3,443,755	9.71
10,001 – 1,000,000	143	3.02	5,231,935	14.75
1,000,001 AND ABOVE	3	0.06	25,658,291	72.36
TOTAL	**4,742**	**100.00**	**35,458,818**	**100.00**

TWENTY LARGEST SHAREHOLDERS
(as shown in the Register of Members)

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CIMB SECURITIES (SINGAPORE) PTE LTD	23,445,045	66.12
2	DBS NOMINEES PTE LTD	1,145,746	3.23
3	LIU WENYING	1,067,500	3.01
4	OCBC SECURITIES PRIVATE LTD	382,901	1.08
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	329,090	0.93
6	CITIBANK NOMINEES SINGAPORE PTE LTD	183,826	0.52
7	IYER ANJALI SUBRAMANIAN	176,175	0.50
8	TEH CHIN HUAT	142,000	0.40
9	GO MEI LIN	129,350	0.36
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	118,805	0.34
11	HO SIN CHAN	112,000	0.32
12	CHIN MIN KWONG	105,000	0.30
13	PHILLIP SECURITIES PTE LTD	104,227	0.29
14	CHONG SOHHAR HAROLD	100,000	0.28
15	SIM LAI HEE	93,550	0.26
16	CHEW POH KWAN MARGARET	81,500	0.23
17	FORTE CAPITAL MANAGEMENT PTE LTD	81,000	0.23
18	LIM MUI CHOO	77,900	0.22
19	CHAN SEK KEONG	60,500	0.17
20	ANG YIAN HIONG	60,000	0.17
	TOTAL	**27,996,115**	**78.96**

ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2017

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2017

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

Note:

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

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

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

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

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

(6) Wolong Shunyu Investment Co. Ltd ("Wolong Shunyu") holds 32.80% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

(7) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Wolong Shunyu and holds 13.01% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

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

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

(10) Pang Xinyuan is spouse of Chen Yanni, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.

Percentage of Shareholding in the Hands of the Public

Based on the information available to the Company as at 20 March 2017, 33.87% of the issued capital of the Company was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 69th Annual General Meeting of Brook Crompton Holdings Ltd. (the "Company") will be held at 10 Anson Road, #36-05A, International Plaza, Singapore 079903 on Thursday, 27 April 2017 at 9.30am to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and the Directors' Statement and Auditors' Report for the financial year ended 31 December 2016. **(Resolution 1)**

2. To declare a final tax exempt one-tier dividend of 2.0 Singapore cents per ordinary share for the financial year ended 31 December 2016. **(Resolution 2)**

3. To approve the payment of Directors' fees of up to S$100,000 for the financial year ending 31 December 2017 (31 December 2016: S$90,000). **(Resolution 3)**

4. To re-elect the following Directors:-

   (a) Ms Chen Yingzhu, retiring pursuant to Article 104 of the Company's Constitution. **(Resolution 4)**

   Ms Chen Yingzhu will, upon re-election as Director of the Company, remain as the Chief Executive Officer of the Company and a member of the Nominating Committee.

   (b) Mr Chao Mun Leong, retiring pursuant to Article 108 of the Company's Constitution. **(Resolution 5)**

   Mr Chao Mun Leong will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. He is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

   (c) Mr Pang Xinyuan, retiring pursuant to Article 108 of the Company's Constitution. **(Resolution 6)**

   Mr Pang Xinyuan will, upon re-election as Director of the Company, remain as the Chairman of the Board of Directors and a member of the Audit Committee and Remuneration Committee.

5. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

NOTICE OF
ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

7. **AUTHORITY TO ISSUE SHARES**

"That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806(2) of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to:–

(a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities,

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (See Explanatory Note 1) **(Resolution 8)**

8. **APPROVAL OF THE RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in the Appendix to the Company's letter to shareholders dated 12 April 2017 (the "Letter"), with any party who is of the Classes of Interested Persons described in the Appendix to the Letter, provided that such transactions are carried out in the ordinary course of business and on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix to the Letter (the "General Mandate");

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

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the company to give effect to the General Mandate and/or this Resolution". (See Explanatory Note 2) **(Resolution 9)**

BY ORDER OF THE BOARD

Ang Siew Koon
Company Secretary
Singapore, 12 April 2017

Explanatory Note:–

1. Resolution 8, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to allot and issue shares in the capital of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

   For the purpose of Resolution 8, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

2. Resolution 9 is to renew effective up to the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by the Company in general meeting) the General Mandate to enable the Company, its subsidiaries and associated companies that are considered to be "entities at risk" to enter, in the ordinary course of business, into the types of mandated transactions with specific classes of the Company's interested persons. The General Mandate which was previously approved by shareholders at the Annual General Meeting of the Company held on 28 April 2016 will be expiring at the forthcoming 69th Annual General Meeting. Particulars of the General Mandate and the Audit Committee's confirmation (pursuant to Rule 920(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited) in respect of the proposed renewal of the General Mandate, are contained in the Company's letter to shareholders dated 12 April 2017.

NOTICE OF
ANNUAL GENERAL MEETING

Books Closure Date and Payment Date for Final Dividend

Subject to the approval of the shareholders at this AGM, the Share Transfer Books and Register of Members of the Company will be closed on 22 May 2017 ("**Book Closure Date**") for the purpose of determining Shareholders' entitlement to the dividend ("**Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) of 80 Robinson Road, #02-00, Singapore 068898, up to 5.00 p.m. on 19 May 2017 will be registered to determine shareholders' entitlement to the Dividend. In respect of the shares in the securities accounts with The Central Depository (Pte) Limited ("**CDP**"), the Dividend will be paid by the Company to CDP which will distribute the Dividend to holders of the securities accounts.

The final dividend, if approved by the shareholders at the AGM, will be paid on 31 May 2017.

Notes:

1. A member who is not a relevant intermediary may appoint not more than two proxies to attend and vote at the Meeting.

2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the first named proxy may be treated as representing 100% of the shareholding and the second name proxy as an alternate to the first named.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

6. The instrument appointing a proxy must be deposited at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058 not later than 48 hours before the time appointed for the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) 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), 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) 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."

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

IMPORTANT
1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

PROXY FORM

*I/We ______________________________ (Name) NRIC/Passport No. ____________________

of ____ (Address)
being * a member/members of Brook Crompton Holdings Ltd. (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

or failing him, Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf, at the 69th Annual General Meeting of the Company to be held at 10 Anson Road, #36-05A, International Plaza, Singapore 079903 on Thursday, 27 April 2017 at 9.30am and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements and the Directors' Statement and Auditors' Report for the financial year ended 31 December 2016.		
2.	To approve the final tax exempt one-tier dividend of 2.0 Singapore cents per ordinary share for the financial year ended 31 December 2016.		
3.	To approve the payment of Directors' fees of up to S$100,000 for the financial year ending 31 December 2017.		
4.	To re-elect Ms Chen Yingzhu as a Director.		
5.	To re-elect Mr Chao Mun Leong as a Director.		
6.	To re-elect Mr Pang Xinyuan as a Director.		
7.	To re-appoint Messrs BDO LLP as Auditors.		
8.	To authorise the Directors to issue shares.		
9.	To approve the renewal of the General Mandate for interested person transactions.		

Dated this ______________ day of ______________ 2017

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

* *Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:–

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.
6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058 not later than 48 hours before the time set for the Annual General Meeting.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and

AFFIX
STAMP

The Company Secretary
BROOK CROMPTON HOLDINGS LTD.
19 Keppel Road
#08-01 Jit Poh Building
Singapore 089058

shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) 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), 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) 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."

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