

**BROOK  
CROMPTON**  
*a WOLONG company*

# TOWARDS STABILITY, STEADINESS AND RESILIENCE

ANNUAL REPORT 2020



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# CORPORATE PROFILE



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

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

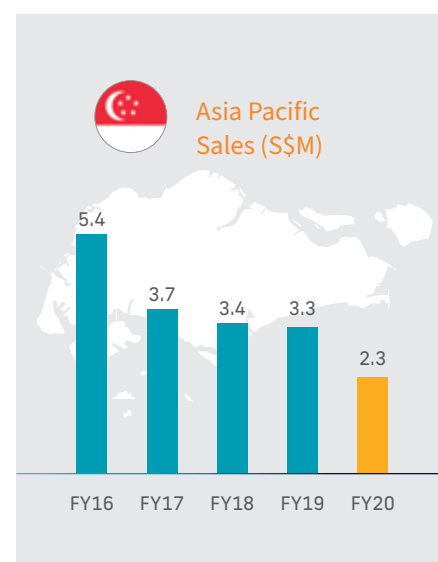
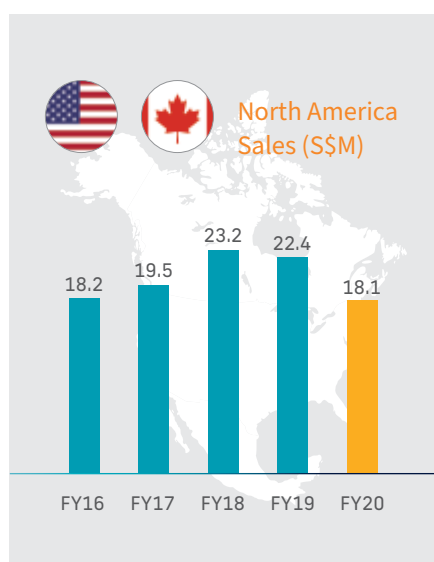
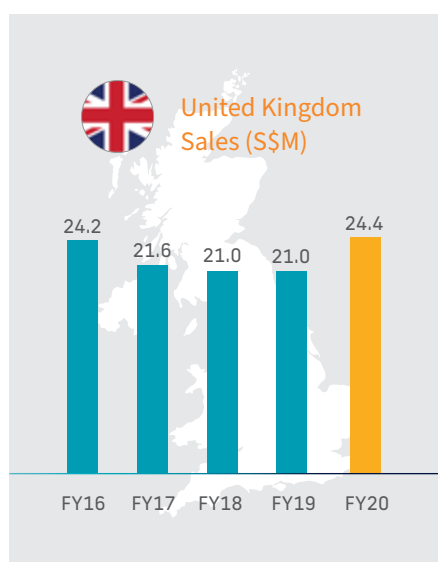
To bolster our position in key regions and facilitate our expansion to new markets, we have taken decisive steps to strengthen our supply chain and distribution channel.

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

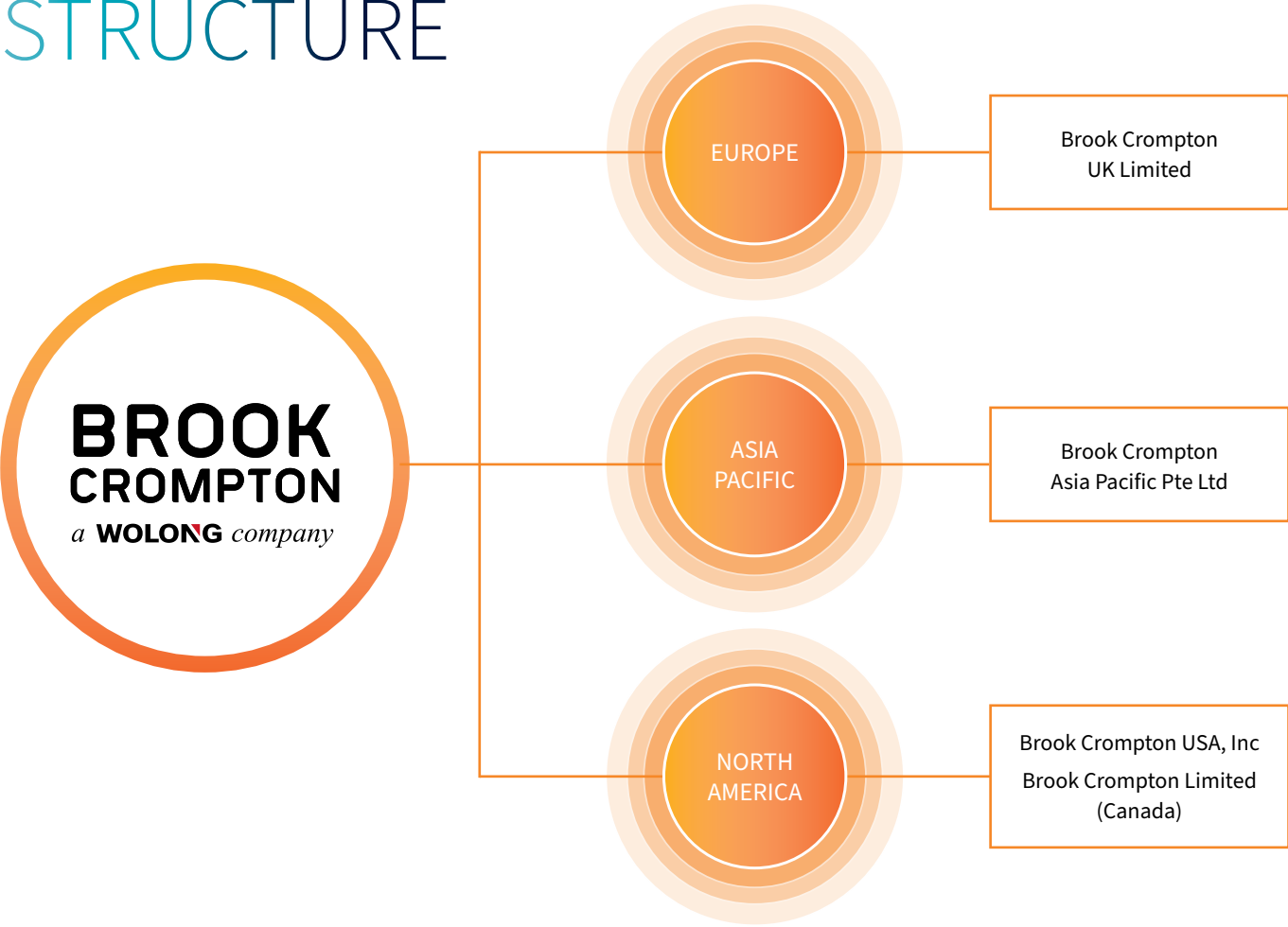
# FINANCIAL HIGHLIGHTS

Income Statement (S\$'000)	FY2016	FY2017	FY2018	FY2019	FY2020
Turnover	47,806	44,865	47,646	46,697	44,861
Profit from continuing operations	4,342	3,474	3,622	3,866	2,158
Total Profit attributable to shareholders	4,342	3,474	3,622	3,866	2,158
<b>Statement Of Financial Position (S\$'000)</b>					
Non-current assets	3,383	2,871	2,316	6,527	5,968
Current assets	35,930	39,862	41,019	43,820	46,591
Current liabilities	11,289	11,748	11,321	11,032	11,694
Non-current liabilities	388	798	587	4,552	4,443
Shareholders' fund	27,636	30,187	31,427	34,763	36,422
<b>Statement Of Cash Flows (S\$'000)</b>					
Net cash generated from operating activities	2,008	6,916	4,723	3,482	3,116
Net cash used in investing activities	(58)	(175)	(83)	(25)	(84)
Net cash used in financing activities	(1,792)	(792)	(1,870)	(1,475)	(1,488)
Cash & cash equivalents at the beginning of financial year	7,772	6,841	12,956	15,392	17,601
Effect of exchange rate fluctuation on cash held	(1,089)	166	(334)	227	134
Cash & cash equivalents at the end of financial year	6,841	12,956	15,392	17,601	19,279

## SALES BY GEOGRAPHICAL SEGMENT



# CORPORATE STRUCTURE



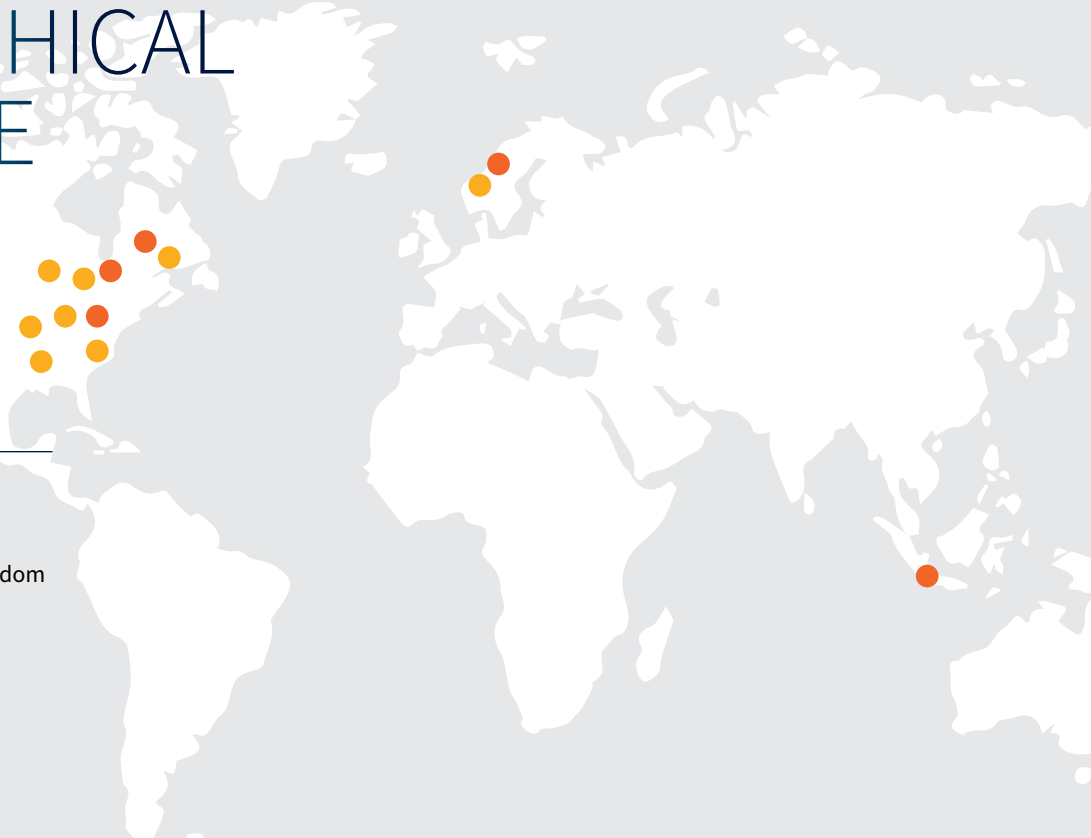
# GEOGRAPHICAL PRESENCE

**WAREHOUSE**

- Toronto
- Montreal
- Cleveland
- Chicago
- Dallas
- Memphis
- Houston
- United Kingdom

**SALES OFFICE**

- Toronto
- Montreal
- United Kingdom
- Singapore



# CHAIRMAN AND CEO STATEMENT

Adapting to the challenges of the COVID-19 pandemic and the final UK Brexit, the Group was able to minimise their impact and achieve a turnover of S\$44.9 million,

a reduction of 4% on the previous year mainly due to the pandemic impact on sales in the United States, Canada and Asia Pacific market. Gross profit has decreased by 10.7% as compared to 2019, as a result of higher sales of lower margin products in key segments which maintained operations throughout the COVID-19 lockdowns.



# CHAIRMAN AND CEO STATEMENT

## DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present to you the annual report for Brook Crompton Holdings Limited (“The Group”) for the financial year ended 31 December 2020 (“FY2020”).

In 2020, the Group was unsurprisingly dominated by two key factors, the COVID-19 pandemic and “Brexit”, the departure of United Kingdom from the European Union. In Q1 2020, the United Kingdom and Canada markets remain favorable. However, the Group’s revenue was affected by the impact of the COVID-19 pandemic which started in Q2 2020. Group’s revenue decreased significantly as lockdowns were implemented across the globe. Initially, in Asia Pacific region, then in United Kingdom, and lastly in North America.

Management actions with great support from all employees enabled all business units to remain open in a COVID-19 secure manner, to service the customers, which are in key industries such as pharmaceuticals, water and wastewater and food production. Hence, the Group was able to maintain a position of profitability despite the increased costs of business during the pandemic and changing trends in the product mix continuing to move further away from the most profitable oil and gas segments to the more commoditised segments such as ventilation, and materials handling.

Local market in United Kingdom was affected by COVID-19 pandemic and “Brexit”. However, Brook Crompton United Kingdom able sustain by venture to overseas business. There was increase in the export business to the Middle East region, whereby some significant projects were won in the pulp and paper, water, and infrastructure segments.

North American business retained its’ core customers in both Canada and the United States, albeit with unusual seasonal variations to business as COVID-19 lockdowns were implemented and released at various times throughout the year.

The Asia Pacific business was the first to feel the impact of the COVID-19 pandemic, but maintained its distribution business focused on Malaysia, Singapore, Thailand and New Zealand despite these distributors suffering from excess stock holding due to low local market demands in 2020. In Q4 2020, the Group took the first steps towards re-establishing a representative presence in Australia to venture into Australia and New Zealand market. With the COVID-19 situation, local support is needed in such markets until travel restrictions are lifted globally.

Globally, the Group has been impacted by a deferment of project investments across all segments. Particularly, impacted the North American and Asia Pacific business, however the trend is expected to reverse as the COVID-19 pandemic restrictions begin to ease, firstly in the Asia Pacific, then United States, Middle East and lastly in Europe and Africa.

## FINANCIAL HIGHLIGHTS

### Financial performance

The Group turnover for the financial year ended 31 December 2020 decrease 4.0% to S\$44.9 million. This is mainly due to sales decrease in United States market, Canada market and Asia Pacific market, which affected by the COVID-19 pandemic. Gross profit has decreased by 10.7% as compared to 2019, resulted from the higher sales for lower margin products to gain additional market shares.

The increase in other income mainly due to the additional income reimbursed from related companies for cost sharing in 2020. Total group expenses for FY2020 increased by 6.3% to S\$12 million compared with the prior year’s S\$11.3 million. Others expenses in 2020 are much higher as compared to 2019, mainly due to additional impairment on trade receivables and depreciation charge on right of use assets. At the same time, restructuring cost has been taken up in 2020.

The Group reported a net attributable profit of S\$2.2 million against S\$3.9 million prior year. EBITDA (earnings before interest, foreign exchange impact from financing activities, tax and depreciation) in current year was S\$3.6 million, much lower than as compared to prior year of S\$5.6 million. This was mainly due the lower profit attributable in 2020, which caused by decrease in sales with lower margin contributed in 2020. With lower profit attributable in 2020, income tax expenses in FY2020 remains lower as well.

### Statement of Cash flow Highlights

The Group maintains in good cash flow position due to continuing operational profitability and generated positive cash flow. However, the net cash flow generated from operation activities was decreased as compared to prior year. Net cash generated from operating activities decreased to S\$3.12 million compared to S\$3.48 million in prior year. This is mainly due to to slow collection from customers which caused by the COVID-19 pandemic and slow movement of inventories which caused by the decrease in sales. Net cash used in financing activities is S\$1.5 million which is consistent with prior year. Net cash position stand at S\$19.3 million from the prior year S\$17.6 million.

# CHAIRMAN AND CEO STATEMENT

## Statement of Financial Position Highlights

The Group's shareholders' funds rising to S\$36.4 million from S\$34.7million prior year, after taking in the net profit for the year of \$2.2 million and after dividend pay-out of \$0.7 million. Current ratio stays at a healthy level of 4.0, which is consistent to prior year.

Total assets have increased by 5% to S\$52.6 million from S\$50.3 million prior year. Trade and other receivables increased by 12.1% to S\$11.1 million from prior year of S\$9.9 million, resulted from slow collection from customers which caused by the COVID-19 pandemic. Inventories increased by 1.5% to S\$15.9 million from prior year of S\$15.7 million mainly caused by the lower sales which affected by COVID-19 pandemic.

Total liabilities have increased by 3.5% to S\$16.1 million from S\$15.6 million prior year. The increase was mainly due to slow payment made to trade payables, which affected by the slow collection from customers. As at 31 Dec 2020, no drawdown of bank overdrafts in BC Canada, as the cash flow was supported by inter-companies with the Group. Besides, higher retirement benefit obligations as at 31 Dec 2020 due to lower discount rate compared to prior year, and resulted in future benefit to be paid to the employees have a higher present value.

## Moving Forward Post Pandemic

The goal of the Group in 2021 is to emerge from the pandemic in a position of strength. Whilst 2020 has been a challenging year, the Group has been able to sustain its position and market share in the United Kingdom and North America. At the same time, grow in the Middle East market, and maintain its core distribution channel in Asia Pacific.

The Group has taken the opportunity of the lockdowns to review plans for its' future development as the pandemic eases and the lockdowns and restrictions are lifted, whilst preparing for the worst-case scenario should the COVID-19 impact continue. The Group is now fully geared up for home working with skeleton staff in warehouse operations.

The journey ahead in 2021 for the Group is largely unchanged from that which the Group started on in 2020 prior to the COVID-19 pandemic. The team is established, and our focus remains

to replicate the success of our core distribution strategy in our new markets, the critical supply chain management process has been refreshed and tested, and investment in our warehousing and modification facilities, will continue in 2021 to enable us to add value to our offerings through modifications to our inventory.



Updates to our sales channel network, including the Middle East and Asia Pacific where Brook Crompton has a strong brand value and position, including increased cooperation to support related businesses in the Wolong Group who do not have sales channels in these regions will support the vision of the Group.

A rapid recovery in key markets is expected as the COVID-19 restrictions are relaxed globally, and investments accelerate, with the United Kingdom market achieving stability, and then recovery post Brexit, although the Group's United Kingdom business has been forced to make substantial changes to its' export processes as a result of increased complexities due to Brexit.

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



# CHAIRMAN AND CEO STATEMENT

## United Kingdom, Rest of Europe, Middle East and North Africa

The United Kingdom economy has been one of the most severely affected in 2020 by the double impacts of COVID-19 and Brexit, however economists forecast recovery over the following 2 years to prior business levels. The complications in trading in the Europe after Brexit will necessitate the establishment of an entity in the Europe to support the growth outside the United Kingdom. Growth in 2020 in the HVAC industry will continue in 2021, with further new products to be introduced. Changes in the efficiency regulations will require introduction of new products from Q2 2021 into the market and the Group is well positioned with support from its' manufacturing partners.

## North America

North America remains a significant growth opportunity for the Group, new products from lower tariff attracting manufacturing plants have been introduced to enable the Group to position itself more strongly in certain markets.

The change in administration in the United States is likely to present a varied set of investment opportunities, and the Group's focus will be to cooperate more strongly with its distributors to enter into a wider range of end-user customers using the service facilities of the distribution partners as valued added leverage.

## Asia Pacific

2021 will see further new products more suited for the Asia Pacific markets being introduced to core partners in Malaysia, Singapore and Thailand. The Group will seek to extend its' distribution network into Australia, the Philippines and Indonesia, working closely with identified business partners who have more great experience in these markets.

## **In Appreciation**

Most businesses and companies have been severely affected by COVID-19 pandemic. In 2020, also challenging and difficult year for the Group, particularly in the regions where we operate in. Nevertheless, we are most grateful to all of the directors on the board for steering the Group through such an unprecedented global crisis. We would like to extend our sincerest thanks for our Board of Directors for their guidance. At the same time, we would like to express appreciation to our management and staffs, for their unwavering commitment, and for the sacrifices they have made as we navigate through difficult times. We also thanks all our customers, business partners and associates for their continuous support. We are confident that with your support, we will be able to get through these tough times and emerge stronger.

**PANG XINYUAN**  
Chairman

**Richard Eason**  
Chief Executive Officer

# BOARD OF DIRECTORS

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## MR PANG XINYUAN

Chairman, Non-Independent,  
Non-Executive Director

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

Mr Pang is also a member of the Audit Committee, Nominating Committee and Remuneration Committee. He was last re-elected as a Director of the Company on 23 June 2020.

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## 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. Dr Unger was last re-elected as a Director of the Company on 19 April 2018.

Dr Unger will be retiring pursuant to Article 104 of the Constitution at the Company's forthcoming AGM. Being eligible, he has offered himself for re-election. The Board has supported his re-election as a Director and is recommending for shareholders' approval at the Company's AGM his continued appointment as an independent director.

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## 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 and a member of the Nominating Committee and Remuneration Committee. He was last re-elected as a Director of the Company on 25 April 2019. Mr. Chao is also the advisory consultant to the CEO office of Wolong Electric Group Co., Ltd.

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# MANAGEMENT TEAM

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## MR RICHARD EASON

Chief Executive Officer

Mr Eason was appointed as Chief Executive Officer of the Company on 23 April 2018. Mr Eason is responsible for the Company's operations, strategic planning, corporate management and business development. Previously, he was Chief Sales Officer of the Company, responsible for the sales strategic for the Company. Before joining the Company, he spent over 22 years in the electric motors and drives sector.

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

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## MR RANDY CONNOLLY

General Manager And Director  
Brook Crompton North America

Mr Randy was appointed as General Manager and Director of Brook Crompton North America in February 2018, responsible for overseeing the sales, procurement, operations and finance in the North America. He was employed in 2016 as Vice President Sales of Brook Crompton North America, responsible for the sales of North America. He has over 42 years of working experience in electric motor industry accumulated from a number of multi-national corporations such as General Electric, WEG Electric Corp and Westinghouse Electric Corporation. Mr Randy holds a bachelor in Economics from State University of New York.

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## MS SHAVY KWAN

Finance And Administration Manager  
Brook Crompton Holdings Ltd

Ms Kwan responsible for all accounting, financial and taxation matters. She joined the company in November 2017 bringing with her over 18 years of experience in auditing and commercial accounting. Before joining the Company, she served as the Financial Manager in two Singapore Exchange Main Board listed companies and was with Deloitte & Touche as an Assistant Audit Manager. She holds Association of Chartered Certified Accountants (ACCA) accounting qualification and is a Chartered Accountant of the Institute of Singapore Chartered Accountants.

# PRODUCT APPLICATION

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

PUMPS



FANS



MECHANICAL



PROCESSES



# INDUSTRIAL APPLICATION

Partnership with electric motor users for strategic geographical market outreach

HVAC



MARINE



MINING



OIL AND GAS



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Pang Xinyuan**  
Chairman/  
Non-Independent, Non-Executive Director

**Knut Unger**  
Lead Independent Director

**Chao Mun Leong**  
Independent Director

## AUDIT COMMITTEE

**Chao Mun Leong**  
Chairman & Independent Director

**Knut Unger**  
Member/Lead Independent Director

**Pang Xinyuan**  
Member/Non-Independent, Non-Executive Director

## NOMINATING COMMITTEE

**Knut Unger**  
Chairman and Lead Independent Director

**Chao Mun Leong**  
Member/Independent Director

**Pang Xinyuan**  
Member/Non-Independent, Non-Executive Director

## REMUNERATION COMMITTEE

**Knut Unger**  
Chairman and Lead Independent Director

**Chao Mun Leong**  
Member/Independent Director

**Pang Xinyuan**  
Member/Non-Independent, Non-Executive Director

## COMPANY SECRETARY

Ang Siew Koon

## 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](mailto: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 2020)  
Audit Partner: Poh Chin Beng

# CORPORATE GOVERNANCE REPORT

Financial Report Ended 31 December 2020

## OUR COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance within the Company and its subsidiaries (the “Group”) as part of its mission to enhance shareholder value for the long term. The Company’s corporate governance policies and practices that were in place throughout the financial year ended 31 December 2020 (“FY2020”) are guided by the corporate governance principles and provisions of the Code of Corporate Governance 2018 (the “Code”) and accompanying Practice Guidance issued on 6 August 2018 which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Listing Rules”).

The Company has endeavoured to adhere to the principles and provisions stipulated in the Code in FY2020. This Corporate Governance Report (the “CG Report”) details the Group’s corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the provisions set out in the Code, and the Listing Rules where applicable. Where there have been deviations from the Code, the appropriate explanations have been provided in this CG Report.

In the opinion of the Board of Directors of the Company (the “Board”), the Company has generally complied with the principles set out in the Code for FY2020.

## BOARD MATTERS

### Principle 1: The Board’s Conduct of Affairs

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

#### *Board’s Role*

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

#### *Directors’ Fiduciary Duties*

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

# CORPORATE GOVERNANCE REPORT

Financial Report Ended 31 December 2020

## *Role of non-executive directors*

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

## *Board Orientation and Training*

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

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

In FY2020, the Directors attended training courses of their choice, and if the training is relevant to the performance of their duties as a Director of the Company, expenses were borne by the Company.

## *Delegation of Authority to Board Committees*

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

## *Matters Reserved for the Board*

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

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



# CORPORATE GOVERNANCE REPORT

Financial Report Ended 31 December 2020

## *Meetings of Board and Board Committees*

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

The Board meets at least twice (2) a year on a half-yearly basis, to deliberate and approve the half-yearly financial results and announcements, and other matters requiring Board's discussion and approval. The half-yearly Board meetings and the Company's Annual General Meeting ("AGM") are scheduled in advance with consultation with all the Directors to enable the Directors to plan their schedule ahead. In addition to these scheduled meetings, ad-hoc Board meetings are also convened when the Directors deemed these meetings to be necessary. If the directors are not able to attend in person at the venue of the meeting, they may participate in the meeting via teleconferencing or video-conferencing. If a physical meeting is not possible or deemed not necessary in between the scheduled meetings, the Directors may agree and pass resolutions by written means.

In FY2020, a total of two (2) Board Meetings were held. The table below shows the attendance of the Directors at general meetings, and meetings of the Board and Board Committees in FY2020:-

The attendances of the Directors at the meetings of the Board and Board Committees during the financial year ended 31 December 2020 are as follows :-



# CORPORATE GOVERNANCE REPORT

Financial Report Ended 31 December 2020

## *Access to information*

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

Financial Report Ended 31 December 2020

## Principle 2: Board Composition and Guidance

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

As at 31 December 2020 and the date of this CG Report, the Board comprises the following three (3) members, all of whom are Non-Executive Directors, and two (2) of whom are Independent Directors:

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

### *Board Independence*

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

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

The NC reviewed the independence of the Independent Directors, namely Dr Knut Unger and Mr Chao Mun Leong. The NC noted that the two Independent Directors had no relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and they had exercised objective judgment on corporate affairs independently from Management. Each of the Independent Directors had abstained from deliberating on his own independence.

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

# CORPORATE GOVERNANCE REPORT

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## *Board Size*

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

## *Board Balance*

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

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

## *Non-Executive Directors Meets up without presence of Management*

For a more effective check on the Management team, the Non-Executive Directors had met several times without the presence of Management in FY2020 to discuss informally the more sensitive issues (including the performance of the Management).

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

## **Principle 3: Chairman and Chief Executive Officer (CEO)**

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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## Principle 4: Board Membership

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

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

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

<sup>#</sup> Mr Pang Xinyuan was appointed as a member of the NC on 26 February 2020.

The NC meets as and when necessary, at least once a year. The NC held one meeting in FY2020.

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

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

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

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

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

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

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As at the end of FY2020, Dr Knut Unger has served on the Board for more than nine years from the date of his appointment on 1 August 2007. The NC (save for Dr Unger who abstained from deliberation in this matter) had performed a rigorous review to assess his independence and were satisfied that he maintains an appropriate degree of independence when fulfilling his role as an Independent Director. The NC had also considered the fact that there were several changes in Management, including a change in controlling shareholder during his tenure of service. Hence, it is important for the Board to have a Director with history of the Company and the Group where the rest of the Board members can tap on. The Board had concurred with the NC's view in that Dr Unger has maintained his independence and is capable of making independent judgment.

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which would take effect from 1 January 2022, Dr Unger, having served on the Board beyond nine years from the date of his first appointment, will not be considered as an Independent Director on 1 January 2022 unless his appointment as an Independent Director is approved in separate resolutions at the forthcoming AGM by: (a) all shareholders; and (b) shareholders, excluding the directors, the chief executive officer and their associates. If re-elected and the separate resolutions are approved, Dr Unger would continue to be regarded as an Independent Director for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Pursuant to Article 104 of the Constitution and Mainboard Listing Rule 720(5), Dr Knut Unger shall retire at the forthcoming AGM by rotation and at least once every three years. Being eligible, Dr Unger has offered himself for re-election. The NC, save for Dr Unger, having assessed his performance and contributions to the Company and his independence, had recommended his nomination for re-election. The Board concurred with the NC's recommendation. Mr Chao Mun Leong ("Mr Chao") was appointed to the Board on 1 July 2016. For transparency, the NC has set out its determination of the independence of Mr Chao as follows:-

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

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

The NC would generally avoid recommending to the Board the appointment of alternate Director as it is of the view that alternate Director should only be appointed under special circumstances, for example, when a Director has a medical emergency. Under such circumstances, the alternate Director should only be appointed for a limited time period. The process for the appointment of an alternate Director will be the same as the appointment of any new Director, and he/she is expected to be appropriately qualified, knows the duties and responsibilities of a Director and is familiar with the Company's business affairs. No alternate director was appointed by FY2020.

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## Principle 5: Board Performance

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

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

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

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

The last Board performance evaluation was conducted in February 2021. Based on the review, the NC was satisfied that the Board was effective as a whole and that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Board Committees. The Company did not engage any external consultant to facilitate the Board performance evaluation for FY2020.

## REMUNERATION MATTERS

### Principle 6: Procedures for Developing Remuneration Policies

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

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

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

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



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

In determining the specific remuneration packages of the Executive Director(s) and key management personnel, the RC will consider all aspects, including but not limited to director's fees (if applicable), salaries, allowances, bonuses, options, share-based incentives and benefits in kind. None of the RC members or Directors is involved in the deliberations in respect of any form of remuneration or benefits to be granted to him. RC members have authority to engage external consultancy services on remuneration related matters to discharge their duties when necessary. No external consultant was engaged to advise the RC on remuneration matters in FY2020.

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

## **Principle 7: Level and Mix of Remuneration**

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

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

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

Mr Pang Xinyuan, who is the Board Chairman and the only Non-independent, Non-executive Director on the Board, did not receive any Director's fee for FY2020. He was nominated to the Board by Wolong Holding Group Co. Ltd, a substantial shareholder of the Company and had waived his right to the Director's fee.

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

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## Principle 8: Disclosure of Remuneration

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

The remuneration of the Directors and CEO for FY2020 is disclosed to the nearest thousand dollars and that of the key management personnel is disclosed in the band of S\$250,000 as follows:

<b>Directors</b>	<b>Remuneration S\$ '000</b>	<b>Fee %</b>	<b>Salary %</b>	<b>Allowances %</b>	<b>Bonus %</b>	<b>Post Employment Benefit</b>	<b>Total %</b>
Dr Knut Unger	50	100	Nil	Nil	Nil	Nil	100
Mr Chao Mun Leong	50	100	Nil	Nil	Nil	Nil	100
Mr Pang Xinyuan*	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>CEO</b>							
Mr Richard Eason	312	Nil	76	6	13	5	100

\* Mr Pang Xinyuan has waived his right to receive Director's fee for FY2020.

<b>Key management personnel</b>	<b>Fee %</b>	<b>Salary %</b>	<b>Allowances %</b>	<b>Bonus %</b>	<b>Post Employment Benefit %</b>	<b>Total %</b>
<b>Below S\$250,000</b>						
Ms Shavy Kwan Wei Yee	Nil	75	Nil	13	12	100
Mr Randy Connolly	Nil	58	11	20	11	100

The Company has disclosed the remuneration of the key management personnel in bands of S\$250,000 as required by the Code, setting out the percentages in terms of salary, bonus, allowances and post-employment benefits. The Company has disclosed the remuneration of the top two key management personnel (instead of the top five as stated in Provision 8.1 of the Code) as the Company considers that it only has two key management personnel (excluding the CEO), taking into consideration the size of the Group's operations.

The total remuneration paid to the top two management personnel for FY2020 was S\$265,712.

In FY2020, there were no employees of the Company or the Group who were substantial shareholders of the Company, or were immediate family members of any Director, CEO or a substantial shareholder of the Company, and who remuneration exceeds S\$100,000 during the year. There are no employees of the Company who are substantial shareholders, or who are immediate family members of a director, CEO or a substantial shareholder.

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## ACCOUNTABILITY AND AUDIT

### Principle 9: Risk Management and Internal Controls

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

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

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

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

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

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

The Board has received assurance:

- from the CEO and the Finance and Administration Manager that, as at 31 December 2020 the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- from the CEO and the Finance and Administration Manager who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems in addressing key financial, operational, compliance and information technology controls.

Based on the review of the key risks identified through the ERM process, and the internal controls established and maintained by the Group, work performed by the internal auditors, reviews performed by the Management and the AC; and the aforesaid assurances from the CEO and the 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 systems were adequate and effective as at 31 December 2020.

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## Principle 10: Audit Committee

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

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

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

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

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

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

The Board is of the view that all the members of the AC are appropriately qualified to discharge their responsibilities. The AC is not comprised of any former partner or director of the Group's existing auditing firm or audit corporation and none of the members have any financial interest in the Group's existing auditing firm or corporation

During the financial year under review, the AC held separate private session with the external and internal auditors once without the presence of the Management and CEO. The last private session was held in February 2021.

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

The AC reviews the independence of the external auditor on an annual basis, and as and when the situation calls for it. In reviewing the independence of BDO LLP ("BDO"), the Company's external auditor, the AC had noted that the total amount of fees paid to BDO and its affiliated firm (BDO Canada LLP) in FY2020 was S\$183,000 out of which S\$168,000 is for audit services and S\$15,000 is for non-audit services (which is approximately 7% of the total audit fees). The AC was of the opinion that the provision of the non-audit services had not affected the independence of the external auditor. The external auditor had affirmed their independence in this respect.

The AC has recommended the re-appointment of BDO LLP as the Company's external auditors for the financial year ending 31 December 2021.

The Company has in place the whistle blowing policy. The policy provides channels for staffs to feedback improprieties in matters of financial reporting, fraudulent behavior and other irregularities to the independent directors in confidence and in good faith without fear of reprisals. Any issue raise would be investigated independently by the AC and the appropriate follow up actions carried out. In FY2020, there were no reports received through the whistle blowing mechanism.

## Internal Audit

For FY2020, the Company outsourced its internal audit function to Yang Lee & Associates ("YLA"). YLA, the outsourced internal auditor, is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. YLA was established in the year 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed

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companies in sectors such as distribution, manufacturing, services, food & beverage, retail and property development. The engagement team for this engagement comprises two Directors, a Manager and supported by an Associate. Each of the two Directors has more than 20 years of relevant experience whilst the Manager has more than 10 years of relevant experience.

The internal audit functions were carried out according to the standards set by internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

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

The Internal audit plan for FY2020 was reviewed and approved by the AC. The Internal Auditors completed one (1) review in FY2020 in accordance with the internal audit plan approved by the AC. The findings and recommendations of the Internal Auditors, Management's responses, and Management's implementation of remedial actions were reported to AC.

The AC reviews the adequacy and effectiveness of the internal audit function at least on an annual basis, and as and when the situation calls for it. For FY2020, the AC is satisfied that the internal audit function was effective, adequately resourced, staffed by qualified and experienced personnel, and independent of the activities it audits with appropriate standing within the Company.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Principle 11: Shareholder Rights and Conduct of General Meetings

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

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

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

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

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

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

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

In FY2020, the AGM was held via electronic means pursuant to the Covid-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). The minutes of the said AGM was made available to shareholders on the SGXNet within one month from the date of the AGM.

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

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## Principle 12: Engagement with Shareholders

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

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

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

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

In FY2020, the AGM was held via electronic means pursuant to the Covid-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Shareholders were given the opportunity to raise questions by submitting their questions via a designated website or depositing the questions at the Company's registered address. The Company's response to the queries raised by shareholders were posted on SGXNet prior to the AGM.

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Principle 13: Managing Stakeholders Relationships Engagement with Stakeholders

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

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

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

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

## INTERESTED PERSON TRANSACTIONS (IPT)

The AC reviews the Group's IPT for assurance that the transactions are executed at normal commercial terms and do not prejudice the interests of the Group and its minority shareholders. At the AGM held on 23 June 2020, 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.

# CORPORATE GOVERNANCE REPORT

Financial Report Ended 31 December 2020

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

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
		YTD		YTD	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
<u>General Transactions</u>					
ATB Nordenham Gmbh		-	-	747	498
ATB Sever d.o.o.	Associates	-	-	618	148
ATB Tamel S.A.	of Controlling	-	-	11,326	10,658
ATB Schorch GmbH	Shareholder	-	-	628	457
ATB Welzheim		-	-	704	861
ATB Group UK		-	-	359	341
Wolong Electric Group Co Ltd		-	-	11,030	13,541
Wolong Electric America LLC		-	147	1,323	-
		-	<b>147</b>	<b>26,735</b>	<b>26,504</b>

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

## DEALING IN SECURITIES

The Company has adopted its own internal codes in line with Rule 1207(19) of the Listing Manual applicable to all its officers in relation to dealings in the Company's securities. For FY2020, the Company and its officers are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year financial results. In addition, the Directors and officers of the Company are discouraged from dealing in the Company's securities on short term considerations.

## MATERIAL CONTRACTS

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

## SUSTAINABILITY REPORTING

The Company will publish its Sustainability Report before 31 May 2021. This Report will be aligned to the Listing Manual and made available through the Company's corporate website and on SGXNet. It should be read in conjunction with the Company's Annual Report 2020.

# SUSTAINABILITY REPORT FY2020

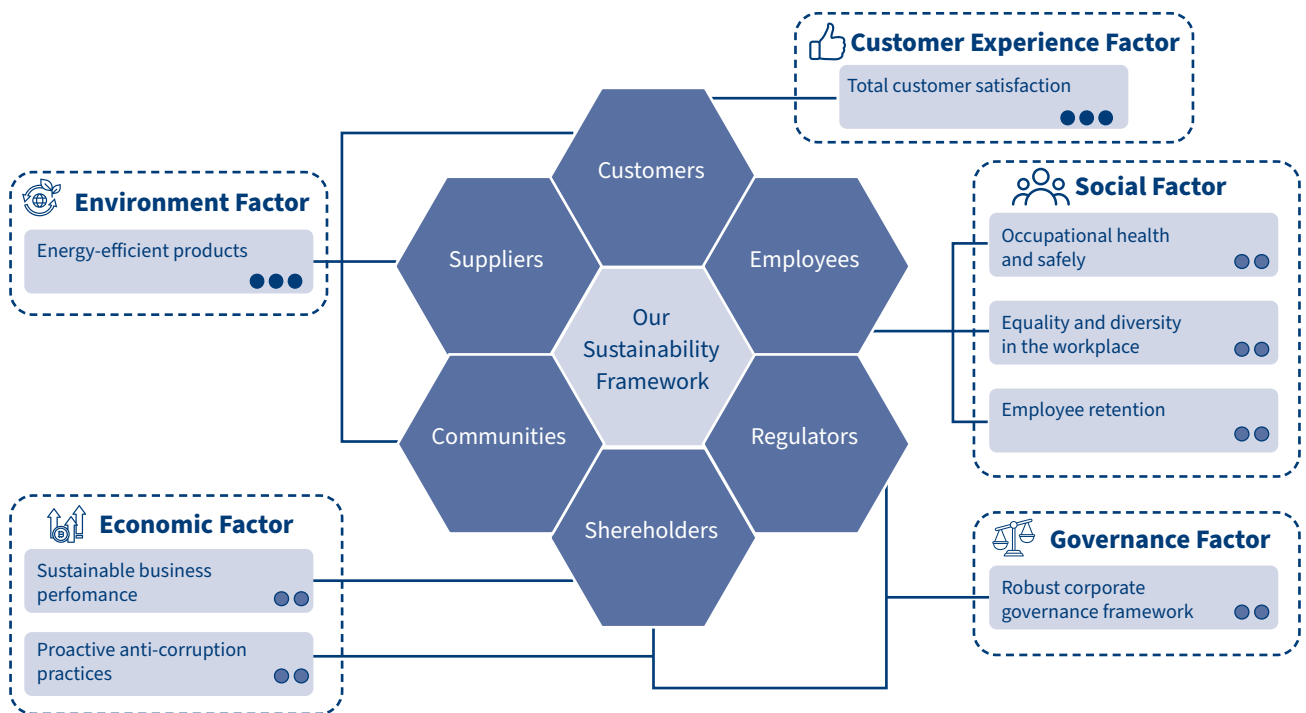
## 1. BOARD STATEMENT

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

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

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

We work closely with our stakeholders in our value chain, comprising customers, suppliers, employees, communities, regulators and shareholders in deriving our sustainability strategy. An overview of our Sustainability Factors by stakeholder is as follows:



Reporting priority<sup>1</sup>  
 ●●● High    ●● Medium    ○ Low

1 Reporting priority refers to the ranking assigned to each Sustainability Factor based on the level of concern to stakeholders and the significance of our impacts on the economy, environment and society. Refer to Section 8.3 for further details.



# SUSTAINABILITY REPORT FY2020

A summary of our sustainability performance in FY2020 is as follows:

S/N	Material factor and reporting priority	Sustainability performance	Our efforts
<b>Customer experience</b>			
1	Total customer satisfaction ●●●	Product defect rate is less than 1%	Meet customers' needs through reliable products, comprehensive product range, presence, proximity, expertise and product improvements
<b>Economic</b>			
2	Sustainable business performance ●●	<ul style="list-style-type: none"> <li>Revenue is S\$44.9 million</li> <li>Net profit attributable to equity holders is S\$2.5 million</li> <li>No dividends have been declared by the Board for the financial year ended 31 December 2020 as the Board has opted to conserve cash to face the challenge of the global economic crisis caused by the Coronavirus disease 2019 ("COVID-19" or "Pandemic")</li> </ul>	Create long-term economic value for shareholders through consistent profits and dividend payments
3	Proactive anti-corruption practices ●●	There is no incident of serious offence	A code of conduct is in place to guide corporate behaviour and establish a whistle blowing channel for employees to raise concerns about possible improprieties
<b>Environmental</b>			
4	Energy-efficient products ●●●	All our products have attained the IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels	Ensure products comply with market recognised efficiency level standards
<b>Social</b>			
5	Occupational health and safety ●●	There is no incident of workplace accident	<ul style="list-style-type: none"> <li>Safety rules and regulations and safety committee are in place</li> <li>Safety inspections are performed regularly by safety officers</li> <li>Conduct briefings on safety procedures during orientation for new employees</li> <li>Regularly monitor workplace accidents and corrective action plans are established</li> </ul>
6	Equality and diversity in the workplace ●●	<ul style="list-style-type: none"> <li>Ratio of female against male employees is 23%</li> <li>Ratio of employees who are at least 40 years old is more than 50%</li> </ul>	Select employees based on merit and competency

# SUSTAINABILITY REPORT FY2020

S/N	Material factor and reporting priority	Sustainability performance	Our efforts
<b>Social</b>			
7	Employee retention ●●	<ul style="list-style-type: none"> <li>44% of employees served more than 10 years with us</li> <li>100% of employees received regular performance reviews</li> <li>Turnover rate is 23% and the increase is mainly attributable to retirement and rightsizing of our workforce in light of the Pandemic.</li> </ul>	Conduct regular appraisal exercises and training courses
<b>Governance</b>			
8	Robust corporate governance framework ●●	SGTI score is 72	A risk management framework is in place

We face uncertainties as a result of the Pandemic which affected our operations. To counter the adverse impact of the Pandemic on our operations, we have channelled our efforts towards strategic planning and human resource management. Given the uncertain outlook, we are monitoring the impact of the Pandemic and will remain vigilant during this challenging period.

Looking forward, we intend to control our costs prudently, look for all opportunities to generate revenue, introduce new and innovative products to the market. We believe that our brand name recognition, strong inventory position and access to Group manufacturing sites globally will tide us through this challenging period and allow us to stay on course in our sustainability journey. We have detailed our responses to the impact of the Pandemic in the relevant sections of this Report.

## 2. VISION, MISSION AND CORE VALUES

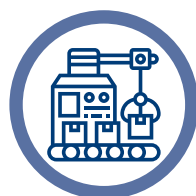


Our vision and mission are driven by our core values and our path to sustainability is closely aligned with our vision, mission and core values with our Sustainability Factors and strategies bringing us to where we envision ourselves to be. Refer to Section 9 for more details on the alignment of our material Sustainability Factors with our vision, mission and core values.

# SUSTAINABILITY REPORT FY2020

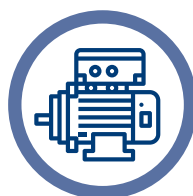
## 3. OUR BUSINESS

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



### Our Suppliers

Sourcing of electric motors and components from our suppliers



### Our Operations

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



### Our Customers

- Wholesalers
- Retailers
- End user and original equipment manufacturers

## 4. REPORTING FRAMEWORK

This Report has been prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core option and the Singapore Exchange Securities Trading Limited (“SGX-ST”) listing rules 711A and 711B. We have chosen to report using the GRI Standards: Core option as it is an internationally recognised reporting framework. The GRI content index can be found at the Appendix 2 of this Report.

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

## 5. REPORTING PERIOD AND SCOPE

This Report is applicable for our financial year ended 31 December 2020 (“FY2020” or “Reporting Period”). A sustainability report will be published annually in accordance with our SR Policy.

This Report covers all the entities within our Group which serves our markets in the United Kingdom (“UK”), Middle East, North America, Asia Pacific and European Union (collectively referred to as “Key Markets”).

## 6. FEEDBACK

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

# SUSTAINABILITY REPORT FY2020

## 7. STAKEHOLDER ENGAGEMENT

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

We actively engage our key stakeholders through the following channels:

S/N	Key Stakeholder	Engagement channel	Frequency of engagement	Key concern raised by stakeholder
1	Customers	<ul style="list-style-type: none"> <li>Face-to-face meetings</li> <li>Email communication</li> <li>Phone calls</li> <li>Tele-conferences</li> </ul>	Regularly	<ul style="list-style-type: none"> <li>Product quality and reliability</li> <li>Customer service standards</li> <li>Product delivery</li> </ul>
2	Communities	Annual reports Investor relations email account	Annually Ongoing	Environmental protection
3	Employees	Staff evaluation sessions Town hall meetings	Annually Regularly	<ul style="list-style-type: none"> <li>Equal employment opportunity</li> <li>Job security</li> <li>Remuneration</li> <li>Employee benefits and rewards</li> </ul>
4	Regulators	Consultations and briefings organised by key regulatory bodies such as the SGX-ST and relevant government agencies/ bodies	As and when required	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Environmental compliance</li> </ul>
5	Shareholders	Announcements on SGXNET <ul style="list-style-type: none"> <li>Company's website</li> <li>Investor relations email account</li> <li>Business publications</li> <li>Investor relation events</li> </ul> Annual general meetings Annual reports	Half-yearly Ongoing Annually	<ul style="list-style-type: none"> <li>Sustainable business performance</li> <li>Market valuation</li> <li>Dividend payment</li> <li>Corporate governance</li> </ul>
6	Suppliers	<ul style="list-style-type: none"> <li>Face-to-face meetings</li> <li>Vendor conferences and events</li> </ul> Suppliers' evaluation and feedback sessions	Regularly Annually	Demand and pricing volatility

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

# SUSTAINABILITY REPORT FY2020

## 8. POLICY, PRACTICE AND PERFORMANCE REPORTING

### 8.1 Reporting Structure

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




### 8.2 Sustainability Reporting Processes

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

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

### 8.3 Materiality Assessment

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

Reporting priority	Description	Criteria
	High	Factors with high reporting priority are reported in detail.
	Medium	Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material.
	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material.

The reporting priority is supported by a material factor matrix which considers the level of concern to stakeholders ("Stakeholders' Concern") and significance of our impacts on the economy, environment and society ("Business Impact").

### 8.4 Performance tracking and reporting

We track the progress of our material factors by identifying the relevant data points, measuring and monitoring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capture systems. Our sustainability trends can be found in the Appendix 1 of this Report.

# SUSTAINABILITY REPORT FY2020

## 9. MATERIAL FACTORS

The materiality assessment performed for FY2020 involved our Group's Senior Management in identifying sustainability factors deemed material to our businesses and stakeholders so as to allow us to channel our resources judiciously to create sustainable value for our stakeholders.

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

[List of material Sustainability Factors](#)

S/N	Material factor	Mission	SDG	Reporting priority	Key stakeholder
<b>Customer experience</b>					
1	Total customer satisfaction	<ul style="list-style-type: none"> <li>Develop innovative adaptable and robust product designs</li> <li>Grow customer partnerships and service network</li> </ul>	Decent work and economic growth	●●●	Customers
<b>Economic</b>					
2	Sustainable business performance	Maintain economic growth	Decent work and economic growth	●●	Shareholders
3	Proactive anti-corruption practices	Maintain economic growth	Peace, justice and strong institutions	●●	<ul style="list-style-type: none"> <li>Shareholder</li> <li>Regulators</li> </ul>
<b>Environmental</b>					
4	Energy-efficient products	<ul style="list-style-type: none"> <li>Develop innovative adaptable and robust product designs</li> <li>Be environmentally responsible</li> </ul>	Affordable and clean energy	●●●	<ul style="list-style-type: none"> <li>Customers</li> <li>Communities</li> <li>Suppliers</li> </ul>
<b>Social</b>					
5	Occupational health and safety	Maintain safe working environment	Good health and well-being	●●	Employees
6	Equality and diversity in the workplace	Nurture our people	Reduced inequalities	●●	Employees
7	Employee retention	Nurture our people	Decent work and economic growth	●●	Employees
<b>Governance</b>					
8	Robust corporate governance framework	Maintain economic growth	Peace, justice and strong institutions	●●	Shareholders Regulators

# SUSTAINABILITY REPORT FY2020

## Material factor matrix



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

### 9.1 Total customer satisfaction

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

#### Offering reliable and efficient products

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

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

Standard/ certification	Area
ISO 9001	Covers quality management systems and functions within the organisation, including designs, development, production, installation and servicing
IEC 60034-5	Demonstrate protection from particles and a good level of protection against water
<ul style="list-style-type: none"> <li>ATEX certificate</li> <li>IEC Ex Certificate</li> </ul>	Regulate product safety in explosive atmosphere
<ul style="list-style-type: none"> <li>UL Certificate</li> <li>CSA Certificate</li> </ul>	Regulate product safety in safe and explosive atmospheres

In keeping up with our commitment to product quality, we conduct regular on-site inspections of supplier's manufacturing facilities to ensure that guidelines and customer specifications are adhered to. In addition, we track product defect level diligently and this is measured by the amount of warranty claims made to as a percentage of total purchases. During the Reporting Period, we successfully maintained a product defect rate of less than 1% (FY2019: less than 1%).

# SUSTAINABILITY REPORT FY2020

With regards to product efficiency, we believe that offering products that are highly efficient helps our customers to achieve lower long-term cost ownership and also to preserve the environment through lower emissions. Refer to Section 9.4 Energy-efficient products for more details.

#### Offer a comprehensive product range that meets customers' needs

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

#### Maintain presence and proximity

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

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

Our service centres are typically located alongside solution distribution centres in our Key Markets to bring us closer to our customers. Refer to the geographical presence of this annual report for further details.

#### Nurture a team of experienced employees

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

For information on employees' years of service to our Group, please refer to Section 9.7 Employee retention.

#### Improving our products through gathering continuous feedback

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

#### **Target for FY2020**

- Maintain or improve market presence
- Improve or maintain product defect rate

#### **Performance in FY2020**

Target met as follows:  
No material changes in market presence and product defect rate

#### **Target for FY2021**

- Maintain or improve market presence
- Improve or maintain product defect rate

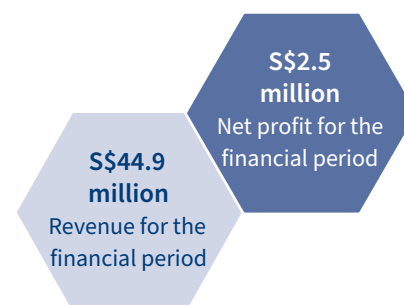


# SUSTAINABILITY REPORT FY2020

## 9.2 Sustainable business performance

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

For FY2020, our Group has recorded revenue of S\$44.9 million (FY2019: S\$46.7 million) and generated S\$2.5 million (FY2019: S\$3.9 million) of net profit for the period attributable to equity holders of the Company. No final tax-exempt dividend (FY2019: 2.0 Singapore cents per ordinary share) is declared for FY2020 as the Board has opted to conserve cash in light of the global economic crisis caused by the Pandemic. We will continue to focus on controlling our costs prudently and look for opportunities to invest for growth.



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

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain or improve our financial performance while retaining our dividend rate where applicable	Target not met as follows: <ul style="list-style-type: none"> <li>In light of the Pandemic, revenue and net profit for the period attributable to equity holders have declined.</li> <li>No dividends have been declared by the Board as the Board has opted to conserve cash to face the challenge of the global economic crisis caused by the Pandemic</li> </ul>	Maintain or improve our financial performance subject to market conditions

## 9.3 Proactive anti-corruption practices

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

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In addition, a code of conduct is in place to provide guidance on business culture and corporate behaviour. In FY2020, there are no reported incidents of serious offence<sup>2</sup> (FY2019: zero incident).

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain zero incident of serious offence	Target met as follows: There is no incident of serious offence	Maintain zero incident of serious offence

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

# SUSTAINABILITY REPORT FY2020

## 9.4 Energy-efficient products

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

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

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

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

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

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain or improve products' energy efficiency	Target met as follows: All our products have attained the IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels under IEC and Nema respectively	Maintain or improve products' energy efficiency

## 9.5 Occupational health and safety

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

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

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

Our top priority lies with the health and safety of our employees and we strongly encourage our employees to work from home due to concerns over the spread of the Pandemic. Other measures implemented include segregating our employees into teams to minimise interaction, conducting temperature screening, requiring our employees to wear masks and enforcing social distancing measures.

# SUSTAINABILITY REPORT FY2020

During the Reporting Period, we recorded zero (FY2019: zero) fatal workplace injury and non-fatal workplace injury<sup>3</sup>.

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain zero workplace accident	Target met as follows: There is no incident of workplace accident.	Maintain zero workplace accident

## 9.6 Equality and diversity in the workplace

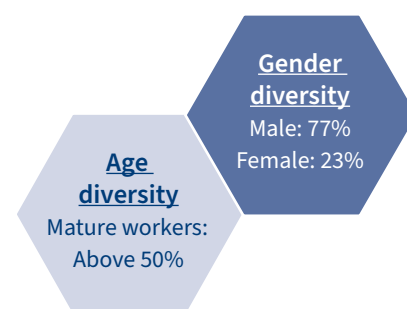
To inspire and nurture our people, we are committed to the goals of diversity and equal opportunity in employment by providing a work environment for our employees that fosters fairness, equity and respect for social and cultural diversity, regardless of their gender and age. The total number of full-time employees within our Group as at 31 December 2020 is 64 (FY2019: 69).

On gender diversity, the percentage of females over total permanent employees is 23% (FY2019: 19%) as at 31 December 2020.

On age diversity, matured workers are valued for their experience knowledge and skills. As at 31 December 2019, more than half (FY2019: above 50%) of our workforce is at least 40 years old.

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

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



Target for FY2020	Performance in FY2020	Target for FY2021
Move towards a more balanced gender and age ratio	Target met as follows: No material changes in diversity ratios	<ul style="list-style-type: none"> <li>• Ratio of female against male employees should not fall below 15%</li> <li>• Ratio of employees with age 40 and above should not fall below 50%</li> </ul>

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

# SUSTAINABILITY REPORT FY2020

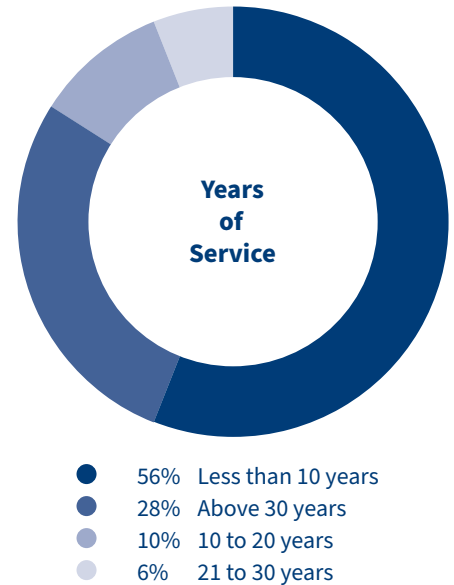
## 9.7 Employee retention

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

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

- Employees are engaged regularly via various channels such as appraisal exercises which allows employees to gain feedback on their career progress. This also encourages them to take self-initiated actions to improve their capabilities. During the Reporting Period, 100% (FY2019: 100%) of employees received regular performance reviews.
- In-house and external training courses are organised regularly for employees to improve their professional skills. For example, a systematic training program is in place in UK and North America to equip staff with the needed product and service knowledge.

We believe that a low turnover improves the sustainability of operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 31 December 2020, our turnover rate<sup>4</sup> is 23% (FY2019: 6%) and 44% (FY2019: 38%) of the employees have served more than 10 years with us. The increase in turnover rate is mainly attributable to retirement and rightsizing of our workforce in light of the Pandemic.



### Target for FY2020

Improve or maintain performance measures identified on staff retention

### Performance in FY2020

Target partially met as follows:

- 44% of employees served more than 10 years with us;
- 100% of employees received regular performance reviews; and
- Turnover rate is 23% and the increase is mainly attributable to retirement and rightsizing of our workforce in light of the Pandemic.

### Target for FY2021

- Maintain proportion of staff who receives performance and career development reviews
- Improve or maintain performance measures identified on staff retention

## 9.8 Robust corporate governance framework

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

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

Our overall Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School is 72 for the year 2020. (year 2019: 70).

4 Turnover rate is calculated by dividing the total number of leavers by the average number of employees from entities covered





# SUSTAINABILITY REPORT FY2020

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

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain or improve SGTI score	Target met as follows: SGTI score assessed by National University of Singapore Business School increased to 72	SGTI score should not fall below 65 points

## 10. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

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

	SDG	Our effort
	<b>3</b> GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages	<a href="#">Section 9.5 Occupational health and safety</a> We adopt safety measures and procedures to avoid accidents that are preventable and in so doing, maintain the well-being and safety of our workers.
	<b>7</b> AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable, and modern energy for all	<a href="#">Section 9.4 Energy efficient products</a> We continuously strive to offer energy efficient products that comply with market-recognised international standards, improve energy efficiency rate of our products which contribute to sustainable development.
	<b>10</b> REDUCED INEQUALITIES Reduce inequality within and among countries	<a href="#">Section 9.6 Equality and diversity in the workplace</a> We build a working environment in which employees can enjoy equal opportunities regardless of age, and gender.
	<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institution at all levels	<a href="#">Section 9.3 Proactive anti-corruption practices</a> We adopt a zero-tolerance approach on corruption through various practices that ensure transparency and integrity of our business.  <a href="#">Section 9.8 Robust corporate governance framework</a> We maintain a high standard of corporate governance to safeguard our shareholders’ interests which aim to maximise long-term economic value for our shareholders.

# SUSTAINABILITY REPORT FY2020

## APPENDIX 1 SUSTAINABILITY TRENDS

S/N	Performance indicator	Sustainability performance		
		FY20	FY19	FY18
<b>Total customer satisfaction</b>				
1	Product defect rate	Less than 1%	Less than 1%	1.1%
<b>Sustainable business performance</b>				
2	Revenue	S\$44.9 million	S\$46.7 million	S\$47.6 million
3	Net profit attributable to equity holders	S\$2.5 million	S\$3.9 million	S\$3.6 million
4	Dividend	0	2.0 Singapore cents	2.0 Singapore cents
<b>Proactive anti-corruption practices</b>				
5	Number of incidents of serious offence	0	0	0
<b>Energy-efficient products</b>				
6	Percentage of products that attained efficiency level under relevant international standards	100%	100%	100%
<b>Occupational health and safety</b>				
7	Number of non-fatal workplace injury <sup>5</sup>	0	0	1
<b>Equality and diversity in the workplace</b>				
8	Ratio of female against total full-time employees	23%	19%	23%
9	Ratio of employees who are at least 40 years old	Above 50%	Above 50%	Above 50%
<b>Employee retention</b>				
10	Percentage of employee receiving regular performance and career development reviews	100%	100%	100%
11	Turnover rate	23%	6%	- <sup>6</sup>
12	Years of service (more than 10 years)	44%	38%	48%
<b>Robust corporate governance framework</b>				
13	SGTI score	72 points	70 points	53 points

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

6 Not applicable as this is newly disclosed performance indicator in FY2020

# SUSTAINABILITY REPORT FY2020

## APPENDIX 2 GRI CONTENT INDEX

GRI standard & disclosure title		Section reference	Page
<b>Organisational profile</b>			
102-1	Name of the organisation	Cover page	–
102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> <li>Corporate Profile</li> <li>Product Application</li> <li>Industrial Application</li> </ul>	001 010 011
102-3	Location of headquarters	<ul style="list-style-type: none"> <li>Corporate Information</li> <li>Financial Contents &gt; Notes to Financial Statements &gt; General Corporate Information</li> </ul>	012 066
102-4	Location of operations	Geographical Presence	003
102-5	Ownership and legal form	<ul style="list-style-type: none"> <li>Financial Contents &gt; Notes to Financial Statements &gt; General Corporate Information</li> <li>Financial Contents &gt; Notes to Financial Statements &gt; Subsidiaries</li> <li>Analysis of Shareholdings</li> </ul>	066 084-085 126-128
102-6	Markets served	<ul style="list-style-type: none"> <li>Corporate Profile</li> <li>Geographical Presence</li> <li>Sustainability Report &gt; Reporting Period and Scope</li> </ul>	001 003 032
102-7	Scale of the organisation	<ul style="list-style-type: none"> <li>Financial Highlights</li> <li>Sustainability Report &gt; Material Factors &gt; Sustainable Business Performance</li> <li>Sustainability Report &gt; Material Factors &gt; Equality and Diversity in the Workplace</li> <li>Financial Contents &gt; Statements of Financial Position</li> <li>Financial Contents &gt; Consolidated Statement of Profit or Loss</li> <li>Financial Contents &gt; Consolidated Statement of Comprehensive Income</li> </ul>	002 038 040 058-059 060 061
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	040
102-9	Supply chain	<ul style="list-style-type: none"> <li>Corporate Profile</li> <li>Sustainability Report &gt; Our Business</li> </ul>	001 032
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to the organisation and its supply chain during the reporting period	–
102-11	Precautionary Principle or approach	None	–
102-12	External initiatives	Sustainability Report > Supporting the UN Sustainable Development Goals	042
102-13	Membership of associations	None	–
<b>Strategy</b>			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	029-031

# SUSTAINABILITY REPORT FY2020

GRI standard & disclosure title		Section reference	Page
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> <li>Corporate Governance Report</li> <li>Sustainability Report &gt; Vision, Mission and Core Values</li> <li>Sustainability Report &gt; Material Factors &gt; Robust Corporate Governance Framework</li> </ul>	012-028 031 041-042
<b>Governance</b>			
102-18	Governance structure	<ul style="list-style-type: none"> <li>Corporate Governance Report</li> <li>Sustainability Report &gt; Policy, Practice and Performance Reporting &gt; Reporting Structure</li> </ul>	012-028 034
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	033
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	033
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	033
102-44	Key topics and concerns raised	<ul style="list-style-type: none"> <li>Sustainability Report &gt; Stakeholder Engagement</li> <li>Sustainability Report &gt; Material Factors &gt; Total Customer Satisfaction</li> </ul>	033 036-037
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> <li>Corporate Structure</li> <li>Financial Contents &gt; Notes to Financial Statements &gt; Subsidiaries</li> </ul>	003 084-085
102-46	Defining report content and topic Boundaries	Sustainability Report > Policy, Practice and Performance Reporting > Sustainability Reporting Processes	034
102-47	List of material topics	Sustainability Report > Material Factors	035-042
102-48	Restatements of information	None	–
102-49	Changes in reporting	None	–
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	032
102-51	Date of most recent report	Annual Report 2019 > Sustainability Report	–
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	032
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	032
102-54	Claims of reporting in accordance with the GRI Standards	<ul style="list-style-type: none"> <li>Sustainability Report &gt; Reporting Framework</li> <li>Sustainability Report &gt; GRI Content Index</li> </ul>	032 044-046
102-55	GRI content index	Sustainability Report > GRI Content Index	044-046
102-56	External assurance	We may seek external assurance in the future	–



# SUSTAINABILITY REPORT FY2020

GRI standard & disclosure title		Section reference	Page
<b>Management approach</b>			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	035-042
103-2	The management approach and its components	<ul style="list-style-type: none"> <li>Sustainability Report &gt; Board Statement</li> <li>Sustainability Report &gt; Policy, Practice and Performance Reporting</li> <li>Sustainability Report &gt; Material Factors</li> </ul>	029-031 034 035-042
103-3	Evaluation of the management approach	Sustainability Report > Material Factors	035-042
<b>Category: Economic</b>			
201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>Financial Highlights</li> <li>Sustainability Report &gt; Material Factors &gt; Sustainable Business Performance</li> <li>Financial Contents &gt; Statements of Financial Position</li> <li>Financial Contents &gt; Consolidated Statement of Profit or Loss</li> <li>Financial Contents &gt; Consolidated Statement of Comprehensive Income</li> </ul>	002 038 058-059 060 061
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report > Material Factors > Proactive Anti-Corruption Practices	038
<b>Category: Environmental</b>			
302-5	Reduction in energy requirements of products and services	Sustainability Report > Material Factors > Energy-Efficient Products	039
<b>Category: Social</b>			
401-1	New employee hires and employee turnover	Sustainability Report > Material Factors > Employee Retention	041
403-9	Work-related injuries	Sustainability Report > Material Factors > Occupational Health and Safety	039-040
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report > Material Factors > Employee Retention	041
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	040

## FINANCIAL CONTENTS

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053	Independent Auditor's Report
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061	Consolidated Statement of Profit or Loss
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063	Consolidated Statement of Changes in Equity
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067	Notes to the Financial Statements
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# DIRECTORS' STATEMENT

The Directors of Brook Crompton Holdings Ltd. (the “Company”) present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

## 1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors

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

Pang Xinyuan  
Dr Knut Unger  
Chao Mun Leong

## 3. Arrangements to enable Directors to acquire shares or debentures

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

# DIRECTORS' STATEMENT

## 4. Directors' interests in shares or debentures

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

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

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

By virtue of Section 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 2021 in the shares of the Company have not changed from those disclosed as at 31 December 2020.

## 5. Share options

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

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

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

# DIRECTORS' STATEMENT

## 6. Audit committee

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

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

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

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

The Audit Committee also reviewed the following:

- (a) the audit plans of the internal and external auditors and the results of the auditor’s 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 half-yearly and full-year announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Company’s internal and external auditors; and
- (f) the re-appointment of the internal and external auditors of the Company.

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

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

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

# DIRECTORS' STATEMENT

## 7. Independent auditor

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

On behalf of the Board of Directors

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**Pang Xinyuan**  
Director

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**Chao Mun Leong**  
Director

14 April 2021

# INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Brook Crompton Holdings Ltd. (the "Company") and its subsidiaries (the "Group") as set out on page 59-115, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020;
- the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### Basis for Opinion

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

# INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

## Report on the Audit of the Financial Statements (Continued)

### Key Audit Matters

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

#### KEY AUDIT MATTER

#### AUDIT RESPONSE

##### 1 Net realisable value of inventories

The Group holds inventories, comprising mainly electric motors held for resale, amounting to \$15,896,000 which represents 30.2% of the Group's total assets as at 31 December 2020.

During the financial year ended 31 December 2020, the write-down of inventories to net realisable values amounted to \$45,000.

Management exercises significant judgement in identifying and estimating the net realisable values of slow-moving, excess and obsolete inventories, and those inventories for which selling prices have declined below cost. This evaluation includes ageing analysis, technical assessment on the future demand of the types of electric motors and subsequent events such as new sales orders or revised selling prices.

Given the significance of inventories to the Group and the extent of judgement involved in estimating its net realisable values, we have identified this as a key audit matter.

Refer to Notes 2.4, 3.5 and 10 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 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 management's judgement and estimation of the net realisable values of the Group's electric motors, on a sample basis, by comparing against:

- Historical sales and write-off; and
- Subsequent sales or orders received.



# INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

## Report on the Audit of the Financial Statements (Continued)

### KEY AUDIT MATTER

### AUDIT RESPONSE

#### 2 Loss allowance on trade receivables

The Group had net trade receivables amounting to \$9,556,000 which represents 18.2% of the Group's total assets as at 31 December 2020.

Management exercises significant judgement in measuring the loss allowance at an amount equal to lifetime expected credit losses ("ECL") for trade receivables. During this process, the Group determines the ECL based on historical credit loss experience and past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Given the significance of trade receivables to the Group and the extent of judgement involved in measuring the loss allowance, we have identified this as a key audit matter.

Refer to Notes 2.4, 3.7(a), 11 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 relied on in measuring the loss allowance.

We evaluated management's measurement of loss allowance for expected credit loss in accordance with SFRS(I) 9 by reviewing management's estimate on the expected credit loss for each significant debtor, based on their historical payment pattern calibrated for any current and future economic conditions.

We checked to any subsequent collections from debtors with significant and/or long outstanding balances.

We evaluated the adequacy of the related disclosures in the financial statements.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

## Report on the Audit of the Financial Statements (Continued)

### Other Information

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

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

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

### Responsibilities of Management and Directors for the Financial Statements

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

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

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

# INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

## Report on the Audit of the Financial Statements (Continued)

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Brook Crompton Holdings Ltd.

## Report on the Audit of the Financial Statements (Continued)

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

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

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

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

### Report on Other Legal and Regulatory Requirements

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

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

BDO LLP  
Public Accountants and  
Chartered Accountants

Singapore  
14 April 2021

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	5,425	6,149	218	298
Subsidiaries	5	-	-	23,204	23,204
Intangible assets	6	19	25	19	25
Other receivables	7	-	-	-	-
Deferred tax assets	8	411	353	-	-
Finance lease receivables	9	113	-	-	-
<b>Total non-current assets</b>		<b>5,968</b>	<b>6,527</b>	<b>23,441</b>	<b>23,527</b>
<b>Current assets</b>					
Inventories	10	15,896	15,665	-	-
Finance lease receivables	9	68	-	-	-
Trade and other receivables	11	11,146	9,921	4,848	6,438
Prepayments		202	307	4	7
Cash and cash equivalents	12	19,279	17,927	3,630	2,552
<b>Total current assets</b>		<b>46,591</b>	<b>43,820</b>	<b>8,482</b>	<b>8,997</b>
<b>Total assets</b>		<b>52,559</b>	<b>50,347</b>	<b>31,923</b>	<b>32,524</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	13	149,642	149,642	149,642	149,642
Accumulated losses	14	(130,514)	(131,742)	(136,785)	(136,266)
Other reserves	14	17,294	16,863	18,650	18,650
<b>Total equity attributable to owners of the parent</b>		<b>36,422</b>	<b>34,763</b>	<b>31,507</b>	<b>32,026</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Lease liabilities	16	3,029	3,567	137	218
Retirement benefit liabilities	17	1,414	985	-	-
<b>Total non-current liabilities</b>		<b>4,443</b>	<b>4,552</b>	<b>137</b>	<b>218</b>

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Company	
		2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000
<b>Current liabilities</b>					
Borrowings	15	–	326	–	–
Lease liabilities	16	734	682	81	77
Trade and other payables	18	10,186	9,047	183	201
Current tax liabilities		679	845	15	2
Provision for warranty	19	95	132	–	–
<b>Total current liabilities</b>		<b>11,694</b>	<b>11,032</b>	<b>279</b>	<b>280</b>
<b>Total liabilities</b>		<b>16,137</b>	<b>15,584</b>	<b>416</b>	<b>498</b>
<b>Total equity and liabilities</b>		<b>52,559</b>	<b>50,347</b>	<b>31,923</b>	<b>32,524</b>

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Financial Year Ended 31 December 2020

	Note	Group	
		2020 \$'000	2019 \$'000
Revenue	20	44,861	46,697
Cost of sales		(31,413)	(31,646)
Gross profit		13,448	15,051
Other income	21	1,298	898
Distribution and marketing expenses		(6,136)	(6,212)
Administrative expenses		(4,130)	(3,890)
Loss allowance on trade receivables		(477)	(102)
Finance expenses	22	(116)	(99)
Other expenses		(1,120)	(968)
<b>Profit before income tax</b>	23	2,767	4,678
Income tax expense	24	(609)	(812)
<b>Profit for the financial year, representing profit attributable to owners of the parent</b>		2,158	3,866
<b>Earnings per share</b>			
Basic and diluted earnings per share (cents)	25	6.1	10.9

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2020

	Note	Group	
		2020 \$'000	2019 \$'000
Profit for the financial year		2,158	3,866
<b>Other comprehensive income</b>			
<b><i>Items that will not be reclassified to profit or loss:</i></b>			
Retirement benefit plan remeasurements	17	(308)	(331)
Income tax on items that will not be reclassified to profit or loss	8	87	88
		(221)	(243)
<b><i>Items that are or may be reclassified subsequently to profit or loss:</i></b>			
Exchange differences on translation of foreign operations, net of tax of Nil (2019: Nil)		431	422
<b>Other comprehensive income for the financial year, net of tax</b>		210	179
<b>Total comprehensive income for the financial year, representing total comprehensive income attributable to owners of the parent</b>		2,368	4,045

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

	Attributable to owners of the Parent				
	Share capital	Capital reserve	Translation reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
At 1 January 2020	149,642	18,650	(1,787)	(131,742)	34,763
<b>Total comprehensive income for the financial year</b>					
Profit for the financial year	-	-	-	2,158	2,158
<b>Other comprehensive income for the financial year</b>					
Retirement benefit plan remeasurements	-	-	-	(308)	(308)
Exchange differences on translation of foreign operations	-	-	431	-	431
Income tax on other comprehensive income	-	-	-	87	87
Total other comprehensive income	-	-	431	(221)	210
Total comprehensive income for the financial year	-	-	431	1,937	2,368
<b>Total transactions with owners, recognised directly in equity</b>					
Dividends (Note 26)	-	-	-	(709)	(709)
<b>At 31 December 2020</b>	<b>149,642</b>	<b>18,650</b>	<b>(1,356)</b>	<b>(130,514)</b>	<b>36,422</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

	Attributable to owners of the Parent				
	Share capital	Capital reserve	Translation reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
At 1 January 2019	149,642	18,650	(2,209)	(134,656)	31,427
<b>Total comprehensive income for the financial year</b>					
Profit for the financial year	-	-	-	3,866	3,866
<b>Other comprehensive income for the financial year</b>					
Retirement benefit plan remeasurements	-	-	-	(331)	(331)
Exchange differences on translation of foreign operations	-	-	422	-	422
Income tax on other comprehensive income	-	-	-	88	88
Total other comprehensive income	-	-	422	(243)	179
Total comprehensive income for the financial year	-	-	422	3,623	4,045
<b>Total transactions with owners, recognised directly in equity</b>					
Dividends (Note 26)	-	-	-	(709)	(709)
<b>At 31 December 2019</b>	<b>149,642</b>	<b>18,650</b>	<b>(1,787)</b>	<b>(131,742)</b>	<b>34,763</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2020

	Group	
	2020 \$'000	2019 \$'000
<b>Operating activities</b>		
Profit for the financial year	2,158	3,866
Adjustments for:		
Depreciation and amortisation	871	794
Income tax expense	609	812
Interest expense	98	167
Interest income	(31)	(40)
Write-down on trade receivables, net	61	-
Write-down on inventories, net	45	291
Loss allowance on trade receivables	477	102
Loss on derecognition of right-of-use assets	20	-
Provision for warranty	11	158
Retirement benefit plan expense	329	269
Unrealised foreign exchange gain	(233)	(306)
	4,415	6,113
Changes in:		
Inventories	(220)	(1,327)
Trade and other receivables	(1,652)	(99)
Prepayments	107	119
Trade and other payables	1,118	(694)
Provision for warranty	(48)	(130)
Retirement benefit contribution paid	89	110
Cash from operating activities	3,809	4,092
Income tax paid	(693)	(610)
<b>Net cash from operating activities</b>	3,116	3,482
<b>Investing activities</b>		
Acquisitions of property, plant and equipment	(115)	(39)
Acquisitions of intangibles assets	-	(26)
Interest received	31	40
<b>Net cash used in investing activities</b>	(84)	(25)

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2020

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financing activities</b>		
Repayment of obligations under leases	(681)	(599)
Interest paid	(98)	(167)
Dividend paid	(709)	(709)
<b>Net cash used in financing activities</b>	<b>(1,488)</b>	<b>(1,475)</b>
Net increase in cash and cash equivalents	1,544	1,982
Cash and cash equivalents as at the beginning of the financial year	17,601	15,392
Effects of exchange rate changes on cash and cash equivalents	134	227
Cash and cash equivalents as at the end of the financial year (Note 12)	19,279	17,601

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

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

## 1. GENERAL CORPORATE INFORMATION

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

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

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

The statement of financial position of the Company as at 31 December 2020 and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2020 were authorised for issue in accordance with a Directors’ resolution dated 14 April 2021.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

#### Changes in accounting policies

##### *New standards, amendments and interpretations effective from 1 January 2020*

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

##### *New standards, amendments and interpretations issued but not yet effective*

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

### 2.2 Basis of measurement

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.3 Functional and presentation currency

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

### 2.4 Use of estimates and judgements

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

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

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

- Note 5 – impairment of investments in subsidiaries
- Note 8 – utilisation of tax losses
- Note 10 – valuation of inventories
- Note 11 – loss allowance on trade receivables
- Note 16 – measurement of lease liabilities

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently by Group entities.

### 3.1 Basis of consolidation

#### *Subsidiaries*

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (Continued)

#### *Transactions eliminated on consolidation*

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

#### *Subsidiaries in the separate financial statements*

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

### 3.2 Foreign currency

#### *Foreign currency transactions*

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

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

#### *Foreign operations*

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

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

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Property, plant and equipment

#### *Recognition and measurement*

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

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

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

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

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

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

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

#### *Subsequent costs*

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



# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Property, plant and equipment (Continued)

#### *Depreciation*

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

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

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

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

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

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

### 3.4 Intangible assets

#### Computer software licences

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

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

### 3.5 Inventories

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Financial instruments

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

#### a) *Financial assets*

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

##### *Amortised cost*

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

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

#### b) *Financial liabilities*

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

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

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

#### c) *Derecognition*

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

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

#### d) *Share capital*

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Impairment

#### a) *Financial assets*

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Impairment (Continued)

#### b) *Non-financial assets*

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

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

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

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

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

### 3.8 Leases

#### *The Group as lessee*

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

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

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.8 Leases (Continued)

#### *The Group as lessee (Continued)*

##### *Initial measurement*

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

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

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

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

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

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

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

##### *Subsequent measurement*

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

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.8 Leases (Continued)

#### *The Group as lessee (Continued)*

#### *Subsequent measurement (Continued)*

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

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

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

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

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

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.8 Leases (Continued)

#### *The Group as a Lessor*

##### *Sub-lease arrangement*

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease as “Finance lease receivables”. Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the statements of financial position, which represents the lease payments owed to the head lessor.

### 3.9 Provisions

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

#### *Warranty*

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

### 3.10 Revenue

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

#### *Distribution*

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

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.10 Revenue (Continued)

#### *Administrative fee income and management fee income*

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

#### *License income*

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

### 3.11 Employee benefits

#### *Defined contribution plans*

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

#### *Defined benefit plans*

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

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

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

Past service costs are recognised immediately in profit or loss.

### 3.12 Finance expenses

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

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



# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.13 Tax expense

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

#### **Current tax**

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

#### **Deferred tax**

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.13 Tax expense (Continued)

#### *Deferred tax (Continued)*

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

#### *Sales tax*

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

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

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

### 3.14 Earnings per share

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

### 3.15 Dividends

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

### 3.16 Segment reporting

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

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.16 Segment reporting (Continued)

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

### 3.17 Cash and cash equivalents

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

### 3.18 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching condition will be complied with. Government grants related to expenses are accounted for in the year where the related costs it intends to compensate is incurred and recognised in the profit or loss. Such government grants are presented under "Other Income". Grants which are receivables in relation to expenses to be incurred in a subsequent financial period, are included as deferred government grants and classified as current assets and current liabilities in the statements of financial position.

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 4. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets \$'000	Freehold land \$'000	Building on freehold land \$'000	Renovations \$'000	Plant, machinery and office equipment \$'000	Total \$'000
<b>Group</b>						
<b>Cost</b>						
At 1 January 2020	4,840	931	1,545	183	7,735	15,234
Additions	171	–	–	–	115	286
Derecognition of right-of-use assets arising from sub-lease arrangement	(370)	–	–	–	–	(370)
Effects of movements in exchange rates	112	3	(1)	3	94	211
At 31 December 2020	4,753	934	1,544	186	7,944	15,361
<b>Accumulated depreciation</b>						
At 1 January 2020	647	–	897	183	7,358	9,085
Depreciation for the financial year	680	–	40	–	145	865
Derecognition of right-of-use assets arising from sub-lease arrangement	(80)	–	–	–	–	(80)
Effects of movements in exchange rates	13	–	2	3	48	66
At 31 December 2020	1,260	–	939	186	7,551	9,936
<b>Net carrying amount</b>						
At 31 December 2020	3,493	934	605	–	393	5,425
<b>Cost</b>						
At 1 January 2019	4,403	899	1,491	179	7,614	14,586
Additions	437	–	–	–	39	476
Effects of movements in exchange rates	–	32	54	4	82	172
At 31 December 2019	4,840	931	1,545	183	7,735	15,234
<b>Accumulated depreciation</b>						
At 1 January 2019	–	–	829	179	7,173	8,181
Depreciation for the financial year	647	–	39	–	107	793
Effects of movements in exchange rates	–	–	29	4	78	111
At 31 December 2019	647	–	897	183	7,358	9,085
<b>Net carrying amount</b>						
At 31 December 2019	4,193	931	648	–	377	6,149

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Right-of-use assets – Leased operating facilities \$'000	Plant, machinery and office equipment \$'000	Total \$'000
<b>Company</b>			
<b>Cost</b>			
At 1 January 2020	367	212	579
Additions	–	4	4
At 31 December 2020	367	216	583
<b>Accumulated depreciation</b>			
At 1 January 2020	80	201	281
Depreciation for the financial year	80	4	84
At 31 December 2020	160	205	365
<b>Net carrying amount</b>			
At 31 December 2020	207	11	218
<b>Cost</b>			
At 1 January 2019	367	206	573
Additions	–	6	6
At 31 December 2019	367	212	579
<b>Accumulated depreciation</b>			
At 1 January 2019	–	198	198
Depreciation for the financial year	80	3	83
At 31 December 2019	80	201	281
<b>Net carrying amount</b>			
At 31 December 2019	287	11	298

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Leased operating facilities \$'000	Plant, machinery and office equipment \$'000	Total \$'000
<b>Group</b>			
<b>Cost</b>			
At 1 January 2020	4,473	367	4,840
Additions	–	171	171
Derecognition of right of use assets	(265)	(105)	(370)
Exchange differences	99	13	112
	4,307	446	4,753
<b>Accumulated depreciation</b>			
Depreciation	(540)	(107)	(647)
Derecognition of right of use assets	43	37	80
Exchange differences	(8)	(5)	(13)
At 31 December 2020	3,221	272	3,493
<b>Group</b>			
<b>Cost</b>			
At 1 January 2019			
Adoption of SFRS(I) 16	4,140	263	4,403
Additions	333	104	437
	4,473	367	4,840
<b>Accumulated depreciation</b>			
Depreciation	(540)	(107)	(647)
At 31 December 2019	3,933	260	4,193

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

During the financial year, a subsidiary of the Group subleased a leased operating warehouse facility to a sub-tenant. The sub-lease is classified as a finance lease, as the sublease is for the majority remaining lease term of the head lease. As a result, the Group derecognised right-of-use assets with a carrying value of \$290,000 during the financial year ended 31 December 2020.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$286,000 (2019: \$476,000), of which \$171,000 (2019: \$437,000) were relates to right-of-use assets. Cash payments of \$115,000 (2019: \$39,000) were made to purchase property, plant and equipment.

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### *Security*

As at 31 December 2020, the freehold land and building on a freehold land of the Group with a total carrying amount of \$1,539,000 (2019: \$1,579,000) were pledged as security to secure bank borrowings (Note 15).

## 5. SUBSIDIARIES

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Unquoted equity shares, at cost	67,092	67,092
Impairment losses	(44,080)	(44,080)
	23,012	23,012
Discount implicit in interest-free loan to a subsidiary	192	192
	<b>23,204</b>	<b>23,204</b>

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.

At the end of each financial year, an assessment is made on whether there is indication that the investments in subsidiaries are impaired. The management's assessment is based on the estimation of the value-in-use of the cash-generating unit ("CGU") by forecasting the expected future cash flows using a suitable discount rate in order to calculate the present value of those cash flows.

As at the end of the financial year, the Company carried out a review of the recoverable amount of its investment in subsidiaries, as a result of indicators of impairment on investments in subsidiaries based on the existing performance of certain subsidiaries during the financial year. The estimates of the recoverable amounts are determined based on value-in-use calculations. The key assumptions used in measuring value-in-use included discount rates ranging from 10.3% to 10.4% (2019: 7.7% to 8.0%) and revenue growth rates ranging from 5% to 35% (2019: 14% to 35%). Arising from the assessment, no further impairment loss or reversal of previously recognised impairment was required.

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 5. SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal and incorporation place of business	Proportion of ownership interest held by the Group	
			2020 %	2019 %
<b>Held by the Company</b>				
Brook Crompton UK Limited <sup>(1)</sup>	Distribution of electric motors	United Kingdom	100	100
Brook Crompton Limited <sup>(2)</sup>	Distribution of electric motors	Canada	100	100
Brook Crompton USA, Inc <sup>(2)</sup>	Distribution of electric motors	United States of America	100	100
Brook Crompton Asia Pacific Pte. Ltd. <sup>(3)</sup>	Distribution of electric motors	Singapore	100	100

(1) Audited by RSM UK Audit LLP

(2) Audited for consolidation purpose by BDO Canada LLP, a member firm of BDO International Limited

(3) Audited by BDO LLP, Singapore, a member firm of BDO International Limited

## 6. INTANGIBLE ASSETS

	Group and Company	
	2020 \$'000	2019 \$'000
<b>Computer software licenses</b>		
<b>Cost</b>		
At 1 January	26	46
Additions	–	26
Write-off	–	(46)
At 31 December	26	26
<b>Accumulated amortisation</b>		
At 1 January	1	46
Additions	6	1
Write-off	–	(46)
At 31 December	7	1
<b>Net carrying amount</b>		
At 31 December	19	25

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



# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 7. OTHER RECEIVABLES – NON-CURRENT

	Company	
	2020	2019
	\$'000	\$'000
Amounts due from a subsidiary	2,136	2,136
Loss allowance	(2,136)	(2,136)
	–	–

The amounts due from a subsidiary are unsecured, interest-free and repayments are not expected within the next 12 months. As at 31 December 2020 and 2019, the debt has been identified to be credit impaired as there is no realistic prospect of a recovery of an amount due from a subsidiary amounting to \$2,136,000.

There was no movement in loss allowance on other receivables of the Company during the financial years ended 31 December 2020 and 2019.

## 8. DEFERRED TAX ASSETS/(LIABILITIES)

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

	Group			
	Assets		Liabilities	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	–	–	–	(266)
Provision for warranty	10	15	–	–
Retirement benefit liabilities	374	261	–	–
Unutilised tax losses	295	343	–	–
Deferred tax assets/(liabilities)	679	619	–	(266)
Set-off tax	(268)	(266)	–	266
<b>Net deferred tax assets</b>	<b>411</b>	<b>353</b>	<b>–</b>	<b>–</b>

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

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

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

Group	At 1 January 2019	Recognised in profit or loss (Note 24)	Recognised in other comprehensive income*	Effect of movements in exchange rates	At 31 December 2019	Recognised in profit or loss (Note 24)	Recognised in other comprehensive income*	Effect of movements in exchange rates	At 31 December 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets</b>									
Provision for warranty	10	5	-	-	15	(5)	-	-	10
Retirement benefit liabilities	155	12	88	6	261	26	87	-	374
Unutilised tax losses	431	(89)	-	1	343	(45)	-	(3)	295
	596	(72)	88	7	619	(24)	87	(3)	679
<b>Deferred tax liabilities</b>									
Property, plant and equipment	(284)	28	-	(10)	(266)	19	-	(21)	(268)

\* Net recorded in other comprehensive income amounting to \$87,000 (2019: \$88,000).

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 9. FINANCE LEASE RECEIVABLES

	<b>Group</b>
	<b>2020</b>
	<b>\$'000</b>
Finance lease receivables	
- Non-current	113
- Current	68
	<b>181</b>

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

Finance income on the net investment in subleases during the financial year is \$4,692. The Group has determined that the lifetime expected credit loss ("ECL") is insignificant as at 31 December 2020.

The maturity analysis of the finance lease receivables of the group at the end of the year is as follows:

	<b>Group</b>
	<b>2020</b>
	<b>\$'000</b>
<b>Contractual undiscounted cashflows</b>	
- No later than a year	76
- Two to five years	117
Total undiscounted lease payments	193
Less: Future interest income	(12)
Net investment in finance lease	<b>181</b>

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 10. INVENTORIES

	Group	
	2020 \$'000	2019 \$'000
Goods for resale	15,473	15,269
Spare parts	423	396
	<b>15,896</b>	<b>15,665</b>

In 2020, the cost of inventories recognised as an expense and included in cost of sales amounted to \$31,188,000 (2019: \$31,195,000).

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

In 2020, the write-down of inventories to net realisable value, due to management's reassessment of the inventories' ageing profiles in accordance with the Group's policy, amounted to \$45,000 (2019: \$291,000). These are included under "cost of sales".

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables				
- third parties	9,970	9,275	-	-
- related corporations	165	60	-	-
Loss allowance - third parties	(579)	(102)	-	-
	<b>9,556</b>	<b>9,233</b>	<b>-</b>	<b>-</b>
Non-trade amounts due from:				
- third parties	361	510	29	29
- subsidiaries	-	-	4,628	6,310
- related corporations	1,228	174	190	95
	<b>1,589</b>	<b>684</b>	<b>4,847</b>	<b>6,434</b>
GST recoverable	1	4	1	4
<b>Total</b>	<b>11,146</b>	<b>9,921</b>	<b>4,848</b>	<b>6,438</b>
Less:				
GST recoverable	(1)	(4)	(1)	(4)
Add:				
Cash and cash equivalent (Note 12)	19,279	17,601	3,630	2,552
Finance lease receivables (Note 9)	181	-	-	-
Financial assets at amortised costs	<b>30,605</b>	<b>27,518</b>	<b>8,477</b>	<b>8,986</b>

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are unsecured, non-interest bearing and generally on 30 to 120 days' (2019: 30 to 120 days') credit terms. Non-trade amounts due from subsidiaries and related corporations are unsecured, non-interest bearing and repayable on demand and expected to be settled in cash. Non-trade amounts due from related corporations included management fee income and administrative fee income.

The Group has applied the simplified approach to measure the lifetime Expected Credit Loss ("ECL") allowance on trade receivables. The Group determines the ECL based on historical credit loss experience and past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. For further details, refer to Note 27.

For non-trade amounts due from subsidiaries and related corporations, the Group and the Company assessed the latest financial performance and position of the subsidiaries and related corporations, adjusted for future outlook of the industry and jurisdiction in which they operate in, and concluded there has been no significant increase in credit risk since the initial recognition of the non-trade receivables. Accordingly, the Group and the Company measured the loss allowance using 12-month ECL and determined that the ECL is insignificant as at 31 December 2020. For further details, refer to Note 27.

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

	<b>Gross</b>	<b>Loss allowance</b>	<b>Gross</b>	<b>Loss allowance</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>				
Not past due	5,927	–	6,448	–
Past due 1 - 90 days	3,840	–	2,471	–
Past due 91 - 180 days	921	–	691	–
Past due more than 180 days	1,037	(579)	413	(102)
	11,725	(579)	10,023	(102)

	<b>Gross</b>	<b>Loss allowance</b>	<b>Gross</b>	<b>Loss allowance</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Company</b>				
Not past due	4,848	–	6,438	–

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	102	1
Loss allowance on credit impaired financial assets made during the financial year (Note 23)	477	102
Loss allowance written back during the financial year	–	(1)
At 31 December	579	102

## 12. CASH AND CASH EQUIVALENTS

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand	19,279	17,927	3,630	2,552
Bank overdrafts (Note 15)	–	(326)	–	–
Cash and cash equivalents as per consolidated statement of cash flows	19,279	17,601	3,630	2,552

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 13. SHARE CAPITAL

	Group and Company	
	2020	2019
	No. of shares '000	No. of shares '000
<b>Issued and fully-paid with no par value</b>		
In issue at 31 December	35,459	35,459

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

### **Capital management policies and objectives**

The Group manages its capital to ensure that entities in the Group is able to continue as a going concern through the optimisation of the debt and total equity attributable to owners of the Company. The capital structure of the Group consists of net debt and total equity attributable to owners of the Company, comprising share capital, accumulated losses and other reserves (Note 14).

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

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

Externally imposed capital requirement of the Group relates to a covenant included in an overdraft facility which requires a subsidiary to maintain a ratio of total liabilities to tangible net worth of not greater than 3:1 (2019: tangible net worth of not less than \$2,313,000).

The Group was subject to and has complied with externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

The Company was not subject to any externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 14. ACCUMULATED LOSSES AND OTHER RESERVES

### *Accumulated losses*

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

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	(136,266)	(137,888)
Total comprehensive income for the financial year	190	2,331
Dividends (Note 26)	(709)	(709)
At 31 December	(136,785)	(136,266)

### *Other reserves*

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Translation reserve	(1,356)	(1,787)	–	–
Capital reserve	18,650	18,650	18,650	18,650
	17,294	16,863	18,650	18,650

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

Capital reserve are non-distributable and represent:

- (i) the deemed capital injection arising from the waiver by its former ultimate holding company of amounts paid on behalf of the Company in 2008; and
- (ii) the difference between fair value of the interest-free loan from its intermediate holding company and the loan amount at inception in 2012.



# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 15. BORROWINGS

	Group	
	2020	2019
	\$'000	\$'000
Bank overdrafts (Note 12)	–	326

### *Terms and debt repayment schedule*

Terms and conditions of outstanding borrowings were as follows:

	Currency	Nominal interest rate	Year of maturity	31 December 2020		31 December 2019	
				Face value	Carrying amount	Face value	Carrying amount
				\$'000	\$'000	\$'000	\$'000
<b>Group</b>							
Bank overdrafts	USD	Prime Lending Rate+1.25%	N/A	–	–	326	326

In the financial year ended 31 December 2019, bank overdrafts of 2019: \$326,000 were secured on properties held by a subsidiary that had a carrying amount of \$1,579,000 (Note 4).

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 16. LEASE LIABILITIES

	<b>Group</b>	<b>Company</b>
	<b>2020</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January 2020	4,249	295
Additions	171	-
Interest expense (Note 22)	98	13
Lease payments		
- Principal portion	(681)	(76)
- Interest portion	(98)	(14)
Exchange differences	24	-
At 31 December 2020	3,763	218
	<b>Group</b>	<b>Company</b>
	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January 2019		
- Finance lease liabilities under SFRS(I) 1-17	8	-
- Adoption of SFRS(I) 16	4,403	367
	4,411	367
Additions	437	-
Interest expense (Note 22)	101	18
Lease payments		
- Principal portion	(599)	(72)
- Interest portion	(101)	(18)
At 31 December 2019	4,249	295

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 16. LEASE LIABILITIES (CONTINUED)

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

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Amounts payable under lease liabilities:				
Within one year	801	779	90	90
In the second to fifth years inclusive	2,027	2,308	143	234
More than five years	1,194	1,509	–	–
Less: Future interest expense	(259)	(347)	(15)	(29)
Present value of lease liabilities	3,763	4,249	218	295
Presented in statements of financial position				
- Non-current	3,029	3,567	137	218
- Current	734	682	81	77
	3,763	4,249	218	295

The Group leases offices, warehouses, motor vehicles and office equipment in Singapore, United States of America, United Kingdom and Canada. These leases typically run for a period of 2 to 10 years (2019: 2 to 10 years). The Group leases motor vehicles and office equipment, which are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

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

The weighted average incremental borrowing rate applied to lease liabilities as at 31 December 2020 was 2.5% per annum (2019: 2.5% per annum). The carrying amount of lease liabilities measured by applying incremental borrowing rate as at 31 December 2020 was \$3,763,000 (2019: \$4,249,000). If the incremental borrowing rate had been 1.5% (2019: 1.5%) higher or lower than management's estimates, the Group's lease liabilities would have been lower or higher by \$56,000 (2019: \$64,000).

## 17. RETIREMENT BENEFIT LIABILITIES

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Present value of retirement benefit obligations	(4,044)	(3,291)
Fair value of plan assets	2,630	2,306
	(1,414)	(985)

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 17. RETIREMENT BENEFIT LIABILITIES (CONTINUED)

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

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

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

### *Movement in the present value of retirement benefit obligations*

	Group	
	2020	2019
	\$'000	\$'000
Retirement benefit obligations at 1 January	(3,291)	(2,613)
<b>Included in profit or loss</b>		
Current service costs	(293)	(240)
Interest costs	(111)	(116)
	(404)	(356)
<b>Included in other comprehensive income</b>		
Remeasurements - actuarial loss*	(438)	(536)
<b>Others</b>		
Benefits paid by the plan	101	308
Effects of movement in exchange rate	(12)	(94)
	89	214
Retirement benefit obligations at 31 December	(4,044)	(3,291)

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 17. RETIREMENT BENEFIT LIABILITIES (CONTINUED)

### *Movement in the fair value of plan assets*

	Group	
	2020 \$'000	2019 \$'000
Fair value of plan assets at 1 January	2,306	2,030
<b>Included in profit or loss</b>		
Interest income	75	87
<b>Included in other comprehensive income</b>		
Return on plan assets, excluding interest income*	130	205
<b>Others</b>		
Contributions paid in the plan	214	219
Benefits paid by the plan	(101)	(308)
Effects of movement in exchange rate	6	73
	119	(16)
Fair value of plan assets at 31 December	2,630	2,306

\* Net recorded in other comprehensive income amounting to \$308,000 (2019: \$331,000).

The plan assets are invested in the following areas:

	Group	
	2020 %	2019 %
Equity	64	64
Bond	31	31
Cash	5	5
Total	100	100

### *Expense recognised in profit or loss*

	Group	
	2020 \$'000	2019 \$'000
Current service costs	(293)	(240)
Net interest on net retirement benefit liabilities	(36)	(29)
Total included in employee benefits expense (Note 23)	(329)	(269)

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 17. RETIREMENT BENEFIT LIABILITIES (CONTINUED)

### *Expense recognised in profit or loss (Continued)*

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

	Group	
	2020	2019
	\$'000	\$'000
Distribution and marketing expenses	(127)	(102)
Administrative expenses	(202)	(167)
	(329)	(269)

The financial actuarial assumptions used are as follows:

	Group	
	2020	2019
	%	%
Discount rate	2.6	3.2
Future pension increment	3.0	3.0
Longevity at retirement age	22.5	22.5

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 2020 was 24.90 years (2019: 24.93 years).

### *Sensitivity analysis*

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

Actuarial assumption	Change in actuarial assumption	Defined benefit obligation	
		Increase \$'000	Decrease \$'000
<b>31 December 2020</b>			
Discount rate	1%	(784)	1,007
<b>31 December 2019</b>			
Discount rate	1%	(639)	821

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 18. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade payables				
- third parties	1,383	1,457	-	-
- related corporations	6,752	5,668	-	-
	8,135	7,125	-	-
Non-trade amounts due to:				
- immediate holding company	-	-	6	1
- a subsidiary	-	-	-	13
- related corporations	380	342	2	2
	380	342	8	16
Accrued staff costs	788	607	47	24
Accrued operating expenses	374	365	128	161
VAT payables	509	608	-	-
Trade and other payables	10,186	9,047	183	201
Less:				
VAT payables	(509)	(608)	-	-
Add:				
Bank overdrafts (Note 15)	-	326	-	-
Lease liabilities (Note 16)	3,763	4,249	218	295
Financial liabilities at amortised cost	13,440	13,014	401	496

Trade payables are unsecured, non-interest bearing and generally on 30 to 90 days' (2019: 30 to 90 days') credit terms.

The non-trade amounts due to immediate holding company, a subsidiary and related corporations are unsecured, non-interest bearing and repayable on demand and expected to be settled in cash. Non-trade amounts due from related corporations included recharge of expenses.

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

## 19. 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	
	2020 \$'000	2019 \$'000
At 1 January	132	104
Provision made during the financial year	11	158
Provision utilised during the financial year	(48)	(130)
At 31 December	95	132

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 20. REVENUE

	Group	
	2020	2019
	\$'000	\$'000
Sale of electric motors	44,861	46,697

The Group has disaggregated revenue to reflect the operations of the business segments identified by management. The segment information together with other information utilised for the purpose of management monitoring of operating results of the segment, which includes the geographical markets are disclosed in Note 29 to the financial statements.

Segment	Distribution	
	2020	2019
	\$'000	\$'000
<i>Type of good</i>		
Electric motors	44,861	46,697
<i>Timing of transfer of goods</i>		
Point in time	44,861	46,697

## 21. OTHER INCOME

	Group	
	2020	2019
	\$'000	\$'000
Administrative fee income	415	1
License fee income	450	524
Management fee income	89	75
Grant income	143	–
Rental income	46	6
Commission income	15	48
Miscellaneous income	140	244
	1,298	898

## 22. FINANCE EXPENSES

	Group	
	2020	2019
	\$'000	\$'000
Interest expenses:		
– bank overdrafts	–	66
– lease liabilities (Note 16)	98	101
Net foreign exchange loss/(gain)	18	(68)
	116	99



# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 23. PROFIT BEFORE INCOME TAX

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

	Group	
	2020 \$'000	2019 \$'000
Audit fees paid/payable to auditors:		
• auditor of the Company	96	96
• other auditors	139	110
Non-audit fees paid/payable to auditors:		
• auditor of the Company	4	–
• other auditors	17	16
Spare parts and goods for resale	31,631	32,483
Changes in inventories of spare parts and goods for resale	(443)	(1,288)
Depreciation and amortisation	871	794
Employee benefits expense*	6,225	5,659
Loss allowance on trade receivables	477	102
Lease expenses on		
- short-term leases	–	10
- low value assets	–	10
Operating lease income	–	(4)
Write-down on inventories, net	45	291
Sales commissions	715	905
Transportation and delivery charges	542	564
Consultancy fees	209	228

	Group	
	2020 \$'000	2019 \$'000
<b>Employee benefits expense*</b>		
Salaries, wages and other benefits	5,037	4,566
Employer's contributions to defined contribution plans including Central Provident Funds and social security charges	859	824
Employer's contribution to retirement benefits plan (Note 17)	329	269
	6,225	5,659

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

	Group	
	2020 \$'000	2019 \$'000
Distribution and marketing expenses	4,084	3,750
Administrative expenses	2,141	1,909
	6,225	5,659

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 24. INCOME TAX EXPENSE

	Group	
	2020	2019
	\$'000	\$'000
<b>Current tax expense</b>		
- Singapore	20	12
- Foreign	584	752
	604	764
<b>Deferred tax expense</b>	5	44
	609	808
Underprovision of current tax expense in prior years	-	4
	609	812

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

### **Reconciliation of effective tax rate**

	Group	
	2020	2019
	\$'000	\$'000
Profit before income tax	2,767	4,678
Tax calculated at applicable tax rate of 17%	471	795
Effects of different tax rates in other countries	46	68
Tax effect of income not subject to tax	(220)	(191)
Tax effect of expenses not deductible for tax purposes	298	208
Tax incentive and rebates	(22)	(26)
Changes in unrecognised temporary differences	36	(46)
Underprovision of current tax expense in prior years	-	4
	609	812

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 25. EARNINGS PER SHARE

### *Basic earnings per share*

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

	Group	
	2020	2019
	\$'000	\$'000
Basic and diluted earnings per share is based on:		
Profit attributable to ordinary shareholders	2,158	3,866
	Number of ordinary shares	
	2020	2019
	'000	'000
Actual 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.

## 26. DIVIDENDS

During the financial year ended 31 December 2020, the Company declared and paid a final one-tier tax exempt dividend of \$0.02 (2019: \$0.02) per ordinary share of the Company totaling \$709,000 (2019: \$709,000) in respect of the financial year ended 31 December 2019 (2019: 31 December 2018).

There was no dividend declared for the financial year ended 31 December 2020.

## 27. FINANCIAL RISK MANAGEMENT

### *Financial risk factors*

The Group's and the Company's activities expose it to credit risks, market risk, liquidity risk, currency risk and interest rate 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.

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 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 which undertakes both regular and ad hoc reviews of risk management.

### *Market risk*

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

### *Currency risk*

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

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

	EUR \$'000	USD \$'000	GBP \$'000
<b>Group</b>			
<b>31 December 2020</b>			
Cash and cash equivalents	675	1,872	1,789
Trade and other receivables	1,625	1,232	2
Trade and other payables	(2,172)	(2,095)	(4)
Currency exposures	128	1,009	1,787
<b>31 December 2019</b>			
Cash and cash equivalents	2,413	1,869	1,373
Trade and other receivables	1,032	5,203	2,161
Borrowings	–	(326)	–
Trade and other payables	(1,897)	(2,041)	(30)
Currency exposures	1,548	4,705	3,504

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Currency risk (Continued)

	EUR \$'000	USD \$'000	GBP \$'000
<b>Company</b>			
<b>31 December 2020</b>			
Cash and cash equivalents	1	917	1,737
Trade and other receivables	–	3,324	23
Trade and other payables	6	–	–
Currency exposures	7	4,241	1,760
<b>31 December 2019</b>			
Cash and cash equivalents	1	933	1,345
Trade and other receivables	–	3,176	2,159
Trade and other payables	1	–	–
Currency exposures	2	4,109	3,504

### Sensitivity analysis

A strengthening of EUR by 4% (2019: 4%), USD by 1% (2019: 1%) and GBP by 3% (2019: 3%) 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 2019.

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
EUR	5	62	–	–
USD	10	47	42	41
GBP	54	105	53	105

Assuming a weakening of EUR by 4% (2019: 4%), USD by 1% (2019: 1%) and GBP by 3% (2019: 3%) against Singapore dollar would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

### Interest rate risk

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Exposure to interest rate risk*

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

	<b>Group</b>	
	<b>Carrying amount</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fixed rate instruments</b>		
Lease liabilities	3,763	4,249
<b>Variable rate instruments</b>		
Bank overdrafts	–	326

	<b>Company</b>	
	<b>Carrying amount</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fixed rate instruments</b>		
Lease liabilities	218	295

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

### *Credit risk*

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

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

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

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### ***Credit risk (Continued)***

#### Trade receivables

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

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

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

#### *Exposure to credit risk*

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

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
By geographical area:		
Singapore	75	45
Asia Pacific (excluding Singapore)	455	460
United Kingdom	4,614	4,351
North America	2,959	3,660
Europe	1,383	717
Middle East	70	-
	<b>9,556</b>	<b>9,233</b>

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

#### Non-trade amounts due from subsidiaries and related corporations

For non-trade amounts due from subsidiaries and related corporations, the management monitors and assess at each reporting date on any indicator of significant increase in credit risk on these balances. In the assessment for indicators, management took into account information that it has available internally about the subsidiaries' and related corporations' past, current and expected operating performance, and if the subsidiaries and related corporations had any default in external debts. Based on the assessment, the risk of default is minimal as these subsidiaries and related corporations have sufficient liquid assets to repay their debts and subject to immaterial credit loss. The maximum credit exposure, net of loss allowances on these balances are disclosed in Note 7 and Note 11.

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### ***Credit risk (Continued)***

#### Cash and cash equivalents

The Group and the Company held cash and cash equivalents of \$19,279,000 and \$3,630,000 respectively as at 31 December 2020 (2019: \$17,927,000 and \$2,552,000 respectively). The cash and cash equivalents are held with banks, which are rated Aa3 to Aa1, based on Moody's ratings. The Group and the Company has significant credit risk exposure from bank balances held in two banks and one bank respectively, representing 98% (2019: 98%) of the Group's and 100% (2019: 100%) of the Company's cash and cash equivalents.

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

#### Finance lease receivables

Lease receivables of \$181,000 as at 31 December 2020 are subject to immaterial credit loss as the subsidiary of the Group entered into a lease arrangement with a reputable company with high credit ratings.

### ***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.



# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Liquidity risk (Continued)

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

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
<b>Group</b>					
<b>31 December 2020</b>					
<b>Financial liabilities</b>					
Lease liabilities	3,763	(4,022)	(801)	(2,027)	(1,194)
Trade and other payables*	9,677	(9,677)	(9,677)	-	-
	13,440	(13,699)	(10,478)	(2,027)	(1,194)
<b>31 December 2019</b>					
<b>Financial liabilities</b>					
Bank overdrafts	326	(343)	(343)	-	-
Lease liabilities	4,249	(4,596)	(779)	(2,308)	(1,509)
Trade and other payables*	8,439	(8,439)	(8,439)	-	-
	13,014	(13,378)	(9,561)	(2,308)	(1,509)
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	
<b>Company</b>					
<b>31 December 2020</b>					
<b>Financial liabilities</b>					
Trade and other payables	183	(183)	(183)	-	
Lease liabilities	218	(233)	(90)	(143)	
	401	(416)	(273)	(143)	
<b>31 December 2019</b>					
<b>Financial liabilities</b>					
Trade and other payables	201	(201)	(201)	-	
Lease liabilities	295	(324)	(90)	(234)	
	496	(525)	(291)	(234)	

\* VAT payables excluded.

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 27. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Estimation of fair value*

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

The fair values of financial assets and financial 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 carrying amounts because of the short period to maturity.

The fair value of non-current finance lease receivables approximates to its carrying amount as at year end.

## 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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Salaries, fees and other short-term employee benefits	603	840	219	325
Post-employment benefits	49	100	17	14
	652	940	236	339

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:

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 28. RELATED PARTIES (CONTINUED)

### *Other related party transactions*

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Administrative fee income from related corporations	415	1
Commission income from related corporations	15	48
License fee income from a related corporation	450	524
Management fee income from related corporations	89	75
Purchase of inventories from related corporations	(25,875)	(21,088)
Recharge of expenses by immediate holding company	(38)	(12)
Sale of motors to related corporations	28	55

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

Outstanding balances as at 31 December 2020, arising from sale/purchase of goods and services, are set out in Notes 11 and 18 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 2020

## 29. OPERATING SEGMENTS (CONTINUED)

	United Kingdom	North America	Asia Pacific	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
<b>2020</b>					
Total segment sales	24,443	20,047	2,319	–	46,809
Elimination of intersegment sales	(32)	(1,916)	–	–	(1,948)
Sales to external parties	24,411	18,131	2,319	–	44,861
Segment results	2,480	1,698	153	(581)	3,750
Interest income	26	5	–	–	31
Interest expense	(55)	(29)	–	(14)	(98)
Depreciation and amortisation	(467)	(311)	(3)	(90)	(871)
Write-down on inventories, net	(90)	45	–	–	(45)
Profit/(Loss) before income tax	1,894	1,408	150	(685)	2,767
Segment assets	27,504	18,653	2,241	4,161	52,559
Included in the segment asset:					
Addition of property, plant and equipment	235	41	5	5	286
Segment liabilities	8,824	6,546	352	415	16,137
<b>2019</b>					
Total segment sales	20,966	24,686	3,364	–	49,016
Elimination of intersegment sales	(6)	(2,313)	–	–	(2,319)
Sales to external parties	20,960	22,373	3,364	–	46,697
Segment results	4,007	2,220	308	(645)	5,890
Interest income	40	–	–	–	40
Interest expense	(70)	(79)	–	(18)	(167)
Depreciation and amortisation	(459)	(249)	(3)	(83)	(794)
Write-down on inventories, net	(166)	(123)	(2)	–	(291)
Profit/(Loss) before income tax	3,352	1,769	303	(746)	4,678
Segment assets	27,034	18,271	2,143	2,899	50,347
Included in the segment asset:					
Addition of property, plant and equipment	111	359	–	6	476
Addition of intangible assets	–	–	–	26	26
Segment liabilities	7,974	6,636	489	485	15,584

# NOTES TO FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

## 29. OPERATING SEGMENTS (CONTINUED)

The distribution business is operated in the following countries:

	Group	
	2020	2019
	\$'000	\$'000
<b>Revenue</b>		
Singapore	2,319	3,364
United Kingdom	24,411	20,960
United States	10,125	13,328
Canada	8,006	9,045
	44,861	46,697
<b>Non-current assets</b> (excluded deferred tax assets)		
Singapore	245	328
United Kingdom	3,195	3,367
United States	479	800
Canada	1,638	1,679
	5,557	6,174

## 30. IMPACT OF COVID-19

As the year 2021 progresses, further opportunities for Brook Crompton are emerging in core markets, especially the United Kingdom (“UK”) and the United States (“USA”), This is supported by the accelerating vaccination programmes as these countries emerge from their lockdowns. The outlook is a steady recovery of the Group’s core UK and USA markets. The management has positioned the business to expand as the economy opens through 2021. At the same time, the Group will continue its prudent control of costs and look for all opportunities to generate revenue.

# LETTER TO SHAREHOLDERS

## **BROOK CROMPTON HOLDINGS LTD.**

(the “Company”)

(Incorporated in the Republic of Singapore)

(Company Registration No.: 194700172G)

**Directors:**

Mr Pang Xinyuan

Dr Knut Unger

Mr Chao Mun Leong

**Registered Office:**

19 Keppel Road

#08-01 Jit Poh Building

Singapore 089058

To: The Shareholders of Brook Crompton Holdings Ltd.

Dear Sir/Madam

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

## **1. BACKGROUND**

We refer to (a) the Notice of the 73rd Annual General Meeting (“2021 AGM”) of Brook Crompton Holdings Ltd. (the “Company”) dated 14 April 2021 (the “Notice of AGM”) accompanying the Annual Report of the Company for the financial year ended 31 December 2020 (the “2020 Annual Report”) in relation to the convening of the 2021 AGM of the Company which is scheduled to be held on 29 April 2021, and (b) Ordinary Resolution 7 in relation to the renewal of the General Mandate under the heading “Special Business” set out in the Notice of the 2021 AGM.

## **2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE**

### **2.1 The Existing General Mandate**

At the General Meeting held on 23 June 2020 (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 2021 AGM. Accordingly, the directors of the Company (the “Directors”) propose that the General Mandate be renewed at the forthcoming 2021 AGM. The particulars of the interested person transactions in respect of which the General Mandate is sought to be renewed remained unchanged.

### **2.3 Details of the General Mandate**

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

# LETTER TO SHAREHOLDERS

## 2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE (CONT'D)

### 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 2021 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	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Knut Unger	10,000	0.03	–	–
Pang Xinyuan	–	–	23,439,519 <sup>(11)</sup>	66.10
Chao Mun Leong	–	–	–	–
<b>Substantial Shareholders</b>				
ATB Austria Antriebstechnik AG	–	–	23,439,519 <sup>(2)</sup>	66.10
Wolong Investments Gmbh	–	–	23,439,519 <sup>(3)</sup>	66.10
Wolong Holding Group Gmbh	–	–	23,439,519 <sup>(4)</sup>	66.10
Hongkong Wolong Holding Group Co Ltd	–	–	23,439,519 <sup>(5)</sup>	66.10
Wolong Electric Group Co Ltd	–	–	23,439,519 <sup>(6)</sup>	66.10
Zhejiang Wolong Shunyu Investment Co. Ltd	–	–	23,439,519 <sup>(7)</sup>	66.10
Wolong Holding Group Co Ltd	–	–	23,439,519 <sup>(8)</sup>	66.10
Chen Jiancheng	–	–	23,439,519 <sup>(9)</sup>	66.10
Chen Yanni	–	–	23,439,519 <sup>(10)</sup>	66.10

# LETTER TO SHAREHOLDERS

## 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONT'D)

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

- (1) The percentage shareholding interest is based on the issued share capital of 35,458,818 shares as at the Latest Practicable Date.
- (2) ATB Austria Antriebstechnik AG ("ATB") is deemed to be interested in the 23,439,519 ordinary shares held under the name of nominee – CGS-CIMB Securities (Singapore) Pte. Ltd.
- (3) Wolong Investments Gmbh (Wolong Investments) holds 100% shares in ATB and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Companies Act, Cap. 50. ("the Act").
- (4) Wolong Holding Group Gmbh ("Wolong Holding") is the sole shareholder of Wolong Investments and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (5) Hongkong Wolong Holding Group Co Ltd ("Hongkong Wolong") is the sole shareholder of Wolong Holding and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (6) Wolong Electric Group Co Ltd ("Wolong Electric") is the sole shareholder of HongKong Wolong and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (7) Zhejiang Wolong Shunyu Investment Co. Ltd ("Zhejiang Wolong Shunyu") holds 32.33% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (8) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Zhejiang Wolong Shunyu and holds 7.1% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (9) Chen Jiancheng holds 48.93% equity interest in WHGCL and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (10) Chen Yanni holds 38.73% equity interest in WHGCL and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (11) Pang Xinyuan is spouse of Chen Yanni and son-in-law of Chen JianCheng, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 164(15) of the Act.

### 3.2 Abstention from voting

ATB, Wolong and their respective associates (as defined in the Listing Manual) will abstain from voting in respect of the Ordinary Resolution relating to the proposed renewal of the General Mandate at the forthcoming 2021 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 2021 AGM or Ordinary Resolution 7 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 7 relating to the General Mandate set out in the Notice of AGM.



# LETTER TO SHAREHOLDERS

## 5. DIRECTORS' RESPONSIBILITY STATEMENT

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

## 6. ADVICE TO SHAREHOLDERS

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

## 7. SGX-ST

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

Yours faithfully

**BROOK CROMPTON HOLDINGS LTD.**

**Chao Mun Leong**

Singapore

# THE APPENDIX

## 1. CHAPTER 9 OF THE LISTING MANUAL

- 1.1 Chapter 9 of the Listing Manual (“Chapter 9”) governs transactions which a listed company or any of its subsidiaries or associated companies proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its minority shareholders.
- 1.2 For the purposes of Chapter 9:
- (a) an “approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9;
  - (b) an “associate” in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An “associate” in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
  - (c) an “associated company” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
  - (d) a “controlling shareholder” is a person who holds directly or indirectly 15% or more of all voting shares in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;
  - (e) an “entity at risk” means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed group that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;
  - (f) an “interested person” means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;
  - (g) an “interested person transaction” means a transaction between an entity at risk and an interested person; and
  - (h) a “transaction” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of products and services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business and whether or not entered into directly or indirectly.
- 1.3 Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, an immediate announcement and/or shareholders’ approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, an immediate announcement is required where:
- (a) the value of a proposed transaction is equal to or exceeds 3% of the listed group’s latest audited consolidated net tangible assets (“NTA”); or

# THE APPENDIX

- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year is equal to or more than 3% of the listed group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year, and shareholders' approval (in addition to an immediate announcement) is required where:
- (c) the value of a proposed transaction is equal to or exceeds 5% of the listed group's latest audited consolidated NTA; or
- (d) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed group's latest audited consolidated NTA. The aggregate will exclude any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

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

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

## 2. RATIONALE FOR THE GENERAL MANDATE

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

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

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

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

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

# THE APPENDIX

## 3. CLASSES OF ATB/WOLONG INTERESTED PERSONS

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

## 4. SCOPE OF THE GENERAL MANDATE

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

The materiality thresholds are:-

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

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

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

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

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

### 4.2 Types of Transactions under the Scope of the General Mandate

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

# THE APPENDIX

## **(a) Trading of electric motors and components**

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

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

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

## **(b) Production and sub-contracting services**

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

## **(c) Storage and warehousing of electric motors and components**

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

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

## **(d) Receipt of financial assistance**

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

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

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

# THE APPENDIX

## (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.

# THE APPENDIX

## 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 Person 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.

# THE APPENDIX

- (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 2020 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 22 March 2021

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 22 MARCH 2021

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	801	18.44	48,935	0.14
100 - 1000	2,529	58.22	956,584	2.70
1,001 - 10,000	877	20.19	2,924,280	8.25
10,001 - 1,000,000	135	3.11	6,802,442	19.18
1,000,001 AND ABOVE	2	0.04	24,726,577	69.73
<b>TOTAL</b>	<b>4,344</b>	<b>100.00</b>	<b>35,458,818</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS (as shown in the Depository Register)

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	23,482,521	66.22
2	DBS NOMINEES PTE LTD	1,244,056	3.51
3	LIU WENYING	930,300	2.62
4	KOH BENG LING	272,297	0.77
5	CITIBANK NOMINEES SINGAPORE PTE LTD	262,201	0.74
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	258,007	0.73
7	OCBC SECURITIES PRIVATE LTD	248,651	0.70
8	PHILLIP SECURITIES PTE LTD	244,602	0.69
9	LEE HANG SENG	215,000	0.61
10	CHIN MIN KWONG	204,000	0.58
11	TEH CHIN HUAT	178,400	0.50
12	IYER ANJALI SUBRAMANIAN	176,175	0.50
13	GO MEI LIN	140,750	0.40

# ANALYSIS OF SHAREHOLDINGS

As at 22 March 2021

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
14	OCBC NOMINEES SINGAPORE PTE LTD	129,893	0.37
15	LOW BOON YONG	120,200	0.34
16	RAMESH S/O PRITAMDAS CHANDIRAMANI	113,100	0.32
17	HO SIN CHAN	112,000	0.32
18	CHAN SEK KEONG	100,000	0.28
19	CHONG SOHHAR HAROLD	100,000	0.28
20	SIM LAI HEE	93,550	0.26
	<b>Total</b>	<b>28,625,703</b>	<b>80.74</b>

## Register of Substantial Shareholders as at 22 March 2021

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

# ANALYSIS OF SHAREHOLDINGS

As at 22 March 2021

## Note :

- (1) ATB Austria Antriebstechnik AG's ("ATB") interest in the 23,439,519 shares were held under the name of nominees - CGS-CIMB Securities (Singapore) Pte Ltd.
- (2) Wolong Investments Gmbh (Wolong Investments) holds 100% shares in ATB and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Companies Act, Cap. 50. ("the Act").
- (3) Wolong Holding Group Gmbh ("Wolong Holding") is the sole shareholder of Wolong Investments and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (4) Hongkong Wolong Holding Group Co Ltd ("Hongkong Wolong") is the sole shareholder of Wolong Holding and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (5) Wolong Electric Group Co Ltd ("Wolong Electric") is the sole shareholder of HongKong Wolong and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (6) Zhejiang Wolong Shunyu Investment Co. Ltd ("Zhejiang Wolong Shunyu") holds 32.33% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (7) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Zhejiang Wolong Shunyu and holds 7.1% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (8) Chen Jiancheng holds 48.93% equity interest in WHGCL, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (9) Chen Yanni holds 38.73% equity interest in WHGCL, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (10) Pang Xinyuan is spouse of Chen Yanni and son-in-law of Chen Jiancheng, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 164(15) of the Act.

## PERCENTAGE OF SHAREHOLDING IN THE HANDS OF THE PUBLIC

Based on the information available to the Company as at 22 March 2021, 33.87% of the issued capital of the Company was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

# NOTICE OF ANNUAL GENERAL MEETING

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

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Brook Crompton Holdings Ltd. (“AGM” or “Meeting”) will be held by way of electronic means (**via Live Webcast and Web Audio only**) on Thursday, 29 April 2021 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions as set out below:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and the Directors’ Statement and Auditors’ Report for the financial year ended 31 December 2020. **(Resolution 1)**
2. To approve the payment of Directors’ fees of up to S\$100,000 for the financial year ending 31 December 2021 (31 December 2020: S\$100,000). **(Resolution 2)**
3. To re-elect Dr Knut Unger, a director retiring pursuant to Article 104 of the Constitution of the Company. [see explanatory note 1] **(Resolution 3)**
4. That subject to and contingent upon the passing of Ordinary Resolution 3 above, (a) the continued appointment of Dr Knut Unger as an Independent Director, for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of: (i) his retirement or resignation as a Director, or (ii) the conclusion of the third Annual General Meeting (“AGM”) following the passing of this Resolution. [see explanatory note 2] **(Resolution 4)**
5. That subject to and contingent upon the passing of Resolutions 3 and 4 above, pursuant to Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), (a) the continued appointment of Dr Knut Unger be and is hereby approved by the Shareholders, excluding Directors, Chief Executive Officer and their respective associates as defined in the Listing Manual of the SGX-ST; and (b) the authority conferred by this Resolution shall continue in force until the earlier of: (i) his retirement or resignation, or (ii) the conclusion of the third AGM following the passing of this Resolution. [see explanatory note 2] **(Resolution 5)**
6. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS

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

### 7. 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 14 April 2021 (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 3]

**(Resolution 7)**

BY ORDER OF THE BOARD

**Ang Siew Koon**  
Company Secretary

Singapore, 14 April 2021

#### Explanatory Notes:-

1. Dr Knut Unger, if re-elected, will be considered as independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST subject to Ordinary Resolutions 4 and 5 being passed at this AGM.
2. Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 01 January 2022, Dr Knut Unger, having served on the Board beyond nine (9) years from the date of his appointment, will not be considered as independent on 01 January 2022 unless Ordinary Resolutions 4 and 5 are duly passed at this AGM.

For the purpose of Ordinary Resolutions 4 and 5, in accordance with Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, the Directors and the CEO of the Company, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given.

Ordinary Resolutions 4 and 5, if passed, will remain in force until the earlier of: (i) the retirement or resignation of Dr Knut Unger; or (ii) the conclusion of the third AGM of the Company following the passing of such resolutions.

Subject to the passing of Ordinary Resolutions 4 and 5, Dr Knut Unger will remain as the Chairman of the Nominating Committee and the Remuneration Committee and a member of the Audit Committee.

The additional information on Dr Knut Unger, the Independent Director seeking re-election can be found in the Annual Report for the financial year ended 31 December 2020 under the section entitled “Disclosure of Information on Directors seeking Re-election”.

# NOTICE OF ANNUAL GENERAL MEETING

- Resolution 7 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 23 June 2020 will be expiring at the forthcoming Annual General Meeting. Particulars of the General Mandate and the Audit Committee’s confirmation (pursuant to Rule 920(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited) in respect of the proposed renewal of the General Mandate, are contained in the Company’s letter to shareholders dated 14 April 2021.

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

Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by electronic means and members of the Company will NOT be allowed to attend the AGM in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. This proxy form has been made available on SGXNET and the following URL: <https://conveneagm.com/sg/brookcrompton>. A printed copy of this proxy form will **NOT** be despatched to members.

Shareholders should note the following procedures and/or instructions to participate in the AGM via LIVE WEBCAST OR WEB AUDIO ONLY.

### Participation in the AGM proceedings via “live webcast” or “web audio only”

- A member of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch via Live Webcast or listen via web audio only to the proceedings of the AGM via mobile phone, tablet or computer (the “electronic means”). In order to do so, the member must pre-register by 2.00 p.m. on 26 April 2021 (“**Registration Deadline**”), at the following URL: <https://conveneagm.com/sg/brookcrompton> (the “**BCHL AGM Website**”), to create an account.
- Following authentication of his/her/its status as a member of the Company, such member will receive an email on their authentication status and will be able to access the Live Webcast using the account created.
- Members who have pre-registered by the Registration Deadline but do not receive the aforementioned email by 5.00 p.m. on 28 April 2021 should contact the Company at the following email address: **mgt@brookcromptonholdings.com**, with the following details included: (1) the member’s full name; and (2) his/her/its identification/registration number.

### Submission of questions prior to the AGM

- A member of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM. The Company will endeavour to address questions which are substantial and relevant prior to the AGM via SGXNET on 28 April 2021. Thereafter the minutes of the AGM shall be published on SGXNET within one (1) month after the conclusion of the AGM.
- To do so, all questions must be submitted no later than the Registration Deadline through either one of the following means:
  - via the BCHL AGM Website; or
  - in physical copy by depositing the same at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058.
- If the questions are deposited in physical copy at the Company’s registered office and not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member’s full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

### Voting by proxy

- If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the Meeting as proxy (“**Proxy Form**”), failing which the appointment will be treated as invalid.
- The Chairman of the Meeting, as proxy, need not be a member of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

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

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

in each case, no later than 2.00 p.m. on 27 April 2021, and failing which, the Proxy Form will not be treated as valid.

- 10. In the case of submission of the Proxy Form other than via the BCHL AGM Website, the Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
- 11. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act (Chapter 50 of Singapore) and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
- 12. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form.
- 13. In the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
- 14. A member of the Company who holds his/her shares through a Relevant Intermediary\* (including CPFIS Members or SRS investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Approved Bank) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

\*A Relevant Intermediary is:

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

## Personal data privacy:

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

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Dr Knut Unger is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 April 2021 (“AGM”) (a “Retiring Director”).

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

	<b>DR KNUT UNGER</b>
Date of Appointment	01 August 2007
Date of last re-appointment	19 April 2018
Age	50
Country of principal residence	Republic of Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee (“NC”), having reviewed the performance of Dr Knut Unger (considering his attendance, preparedness and participation at Board and Board Committee meetings) and further considered his experience, expertise, knowledge and skills, was satisfied that Dr Unger is able to continue to contribute positively to the Board and the Group as an Independent Director. The Board concurred with the view of the NC and recommended his re-election as an Independent Director.
Whether appointment is executive, and if so, the area of responsibility	Independent
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee.
Professional qualifications	<ol style="list-style-type: none"> <li>Degree in Law - University of Freiburg</li> <li>Doctorate in Environmental Liability Law- University of Freiburg</li> </ol>
Working experience and occupation(s) during the past 10 years	LUTHER LLP - Partner - 2008 - present
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 10,000 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	Nil
Present	Nil



# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		DR KNUT UNGER
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c)	Whether there is any unsatisfied judgment against him?	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>DR KNUT UNGER</b>
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
<p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <ul style="list-style-type: none"> <li>i any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>ii any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</li> <li>iii any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</li> <li>iv any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</li> </ul> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

# BROOK CROMPTON HOLDINGS LTD.

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

## PROXY FORM

### IMPORTANT:

1. Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the AGM are set out in the Company's announcement dated 14 April 2021 which, together with the Notice of Annual General Meeting dated 14 April 2021, have been uploaded on SGXNET on the same day. The Notice and Proxy Form of Annual General Meeting can also be accessed at the following URL <https://conveneagm.com/sg/brookcrompton> and SGXNET. A printed copy of this Proxy Form will **not** be despatched to members of the Company.
2. A member will not be able to attend the AGM in person. Please see Notes 2 to 8 below for further details.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

\*I/We, \_\_\_\_\_ (Name) (NRIC / Passport No.) \_\_\_\_\_  
of \_\_\_\_\_ (Address)

being \* a member/members of Brook Crompton Holdings Ltd. (the "Company"), hereby appoint the Chairman of the meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company to be held by electronic means (via live webcast and web audio only) on Thursday, 29 April 2021 at 2.00pm (Singapore time) and at any adjournment thereof.

The proxy shall vote on the Resolutions set out in the Notice of Annual General Meeting dated 14 April 2021 in accordance with my/our directions indicated hereunder.

No.	ORDINARY RESOLUTIONS	For**	Against**	Abstain**
1.	To receive and adopt the Audited Financial Statements and the Directors' Statement and Auditors' Report for the financial year ended 31 December 2020.			
2.	To approve the payment of Directors' fees of up to S\$100,000 for the financial year ending 31 December 2021.			
3.	To re-elect Dr Knut Unger as a Director of the Company.			
4.	To approve the continued appointment of Dr Knut Unger as an Independent Director pursuant to Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
5.	To approve the continued appointment of Dr Knut Unger as an Independent Director pursuant to Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
6.	To re-appoint Messrs BDO LLP as Auditors.			
7.	To approve the renewal of the General Mandate for interested person transactions.			

#### Notes:

\* Delete accordingly

\*\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick "X" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "X" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2021

\_\_\_\_\_  
Signature(s) of member(s)  
or Common Seal of Corporate Shareholder

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

**IMPORTANT:** Please read notes overleaf.



**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by electronic means and members of the Company will NOT be allowed to attend the AGM in person.
3. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.
4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. This Proxy Form must be submitted through any one of the following means:
  - (a) via the following URL: <https://conveneagm.com/sg/brookcrompton> (the "BCHL AGM Website") in the electronic format accessible on the BCHL AGM Website; or
  - (b) by depositing a physical copy at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058; or
  - (c) by sending a scanned PDF copy by email to [mgt@brookcromptonholdings.com](mailto:mgt@brookcromptonholdings.com),

in each case, no later than 2.00 p.m. on 27 April 2021, and failing which, this Proxy Form will not be treated as valid.

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

Fold Here

**Affix  
Postage  
Stamp**

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

Fold Here

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. A member of the Company who holds his/her shares through a Relevant Intermediary\* (including CPFIS Members or SRS investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Approved Bank) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

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

**General:**

The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form. In addition, in the case of a member of the Company whose shares are entered in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting this Proxy Form appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2021.



# TOWARDS STABILITY, STEADINESS AND RESILIENCE

ANNUAL REPORT 2020

**BROOK  
CROMPTON**

*a WOLONG company*

BROOK CROMPTON HOLDINGS LTD.

CO. REG. NO: 194700172G

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