



Financial Calendar

Announcement of First Quarter Results	8 August 2017
Announcement of Second Quarter Results	10 November 2017
Announcement of Third Quarter Results	8 February 2018
Announcement of Full Year Results	28 May 2018
Dispatch of Annual Report to Shareholders	13 July 2018
Annual General Meeting	30 July 2018
Dividends	Interim Paid on 13 December 2017
	Final Payable in August 2018

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Corporate Information

Board of Directors

Executive

Victor LO Chung Wing
Chairman and Chief Executive Officer

LEUNG Pak Chuen
Executive Vice Chairman

Brian LI Yiu Cheung
Executive Vice President

Andrew CHUANG Siu Leung
Chief Risk Officer

WONG Man Kit
Chief Financial Officer

LAM Hin Lap

Independent Non-Executive

LIM Ah Doo
Lead Independent Director

LIM Hock Beng

Allan CHOY Kam Wing

LIM Jiew Keng (appointed on 1 January 2018)

GOH Boon Seong (appointed on 1 January 2018)

Audit and Risk Committee

LIM Ah Doo
Chairman

LIM Hock Beng

Allan CHOY Kam Wing

Nominating Committee

LIM Hock Beng
Chairman

Victor LO Chung Wing

LEUNG Pak Chuen

LIM Ah Doo

Allan CHOY Kam Wing

LIM Jiew Keng (appointed on 1 January 2018)

GOH Boon Seong (appointed on 1 January 2018)

Remuneration Committee

Allan CHOY Kam Wing
Chairman

LIM Ah Doo

LIM Hock Beng

LIM Jiew Keng (appointed on 1 January 2018)

GOH Boon Seong (appointed on 1 January 2018)

Company Secretaries

Victor LAI Kuan Loong

KIAR Lee Noi

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3 Fusionopolis Link

#06-11 Nexus @one-north

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Website: www.gp-industries.com

Share Registrar

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50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

Auditors

Deloitte & Touche LLP

6 Shenton Way

OUE Downtown 2 #33-00

Singapore 068809

Audit Partner-in-charge

LOI Chee Keong (appointed on 28 July 2017)

Principal Bankers

Oversea-Chinese Banking Corporation Limited

DBS Bank Ltd

United Overseas Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

Bank of China Limited

Solicitors

Allen & Gledhill LLP

One Marina Boulevard

#28-00

Singapore 018989

Group Profile



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

The Company has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") since 1995. It is the main industrial investment vehicle of Hong Kong-listed Gold Peak Industries (Holdings) Limited which currently owns an 85.5%* interest in the Company.

GP Industries is principally engaged in the development, manufacture and marketing of electronic and acoustic products. In addition, GP Industries also manufactures automotive wire harness products.

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

The Group has a strong and extensive manufacturing and distribution network spanning over 10 countries, including a strong foothold in Mainland China. Excluding associates, the Group currently has over 8,450 employees and occupies a total floor area of approximately 352,200 square metres.

* as at 20 June 2018

GP Batteries International Limited

- Primary specialty
- Primary cylindrical
- Rechargeable & others

Electronics & acoustics

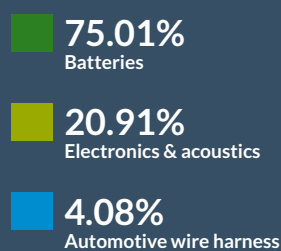
Automotive wire harness and other industrial investments

Financial Highlights

Consolidated Income Statement (\$\$ million)	2018	2017
Year ended 31 March		
Revenue	1,099.7	1,037.6
Profit after taxation	35.4	31.4
Non-controlling interests	(12.2)	(12.7)
Profit attributable to equity holders	23.2	18.7
Basic earnings per share (cents)	4.79	3.85
Tax-exempt (1-tier) dividend per share (cents)	3.00	2.75
Consolidated Statement of Financial Position (\$\$ million)		
As at 31 March		
Shareholders' funds	376.7	342.5
Total equity	460.4	505.0
Total assets	1,168.8	1,084.2
Ratios		
As at 31 March		
Current assets : Current liabilities	1.02	1.25
Inventory turnover period (months)	1.99	1.77
Net bank borrowings : Total equity	0.53	0.30
Other Information		
As at 31 March		
Number of employees (approx)		
- The Company and its subsidiaries	8,450	8,100
Total floor area (sq m) (approx)		
- The Company and its subsidiaries	352,200	373,000

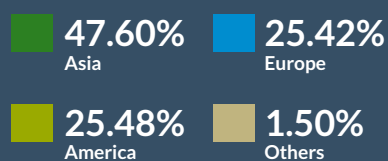
Revenue by Business Segments

Year ended 31 March 2018



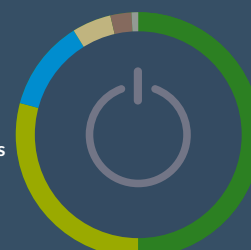
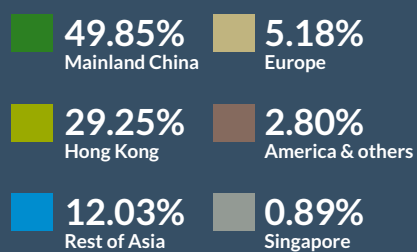
Revenue by Locations

Year ended 31 March 2018



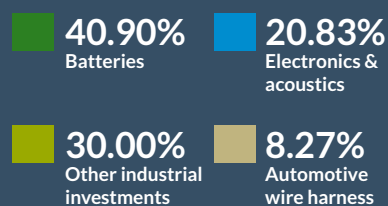
Assets by Locations

As at 31 March 2018



Contribution by Business Segments

Year ended 31 March 2018

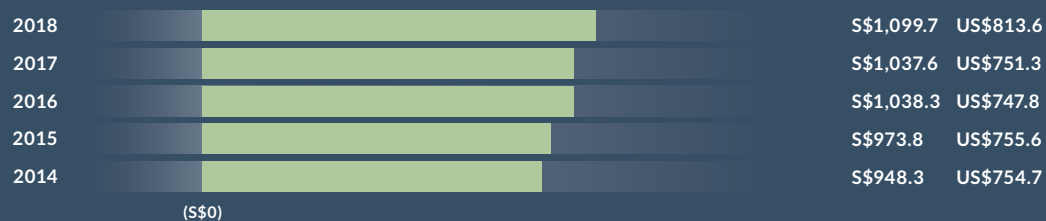


Five-Year Financial Summary

Consolidated Income Statement Year ended 31 March	2018 S\$'000	2017 S\$'000	2016 S\$'000	2015 S\$'000	2014 S\$'000
Revenue - Continuing operations	1,099,704	1,037,596	1,038,335	973,770	948,258
Profit (Loss) after taxation					
- Continuing operations	35,459	31,439	37,314	43,673	(38,203)
- Discontinued operations	-	-	-	-	6,930
	35,459	31,439	37,314	43,673	(31,273)
Non-controlling interests	(12,233)	(12,779)	(14,478)	(18,201)	21,586
Profit (Loss) attributable to equity holders	23,226	18,660	22,836	25,472	(9,687)
Consolidated Statement of Financial Position As at 31 March					
Investment properties	-	1,791	1,672	1,747	6,678
Property, plant and equipment	291,119	247,962	237,507	246,960	242,292
Interest in associates	244,589	247,725	226,787	229,206	214,574
Available-for-sale financial assets	9,783	6,291	5,777	5,699	7,618
Other non-current assets	1,627	6,063	3,648	705	156
Non-current receivables	-	-	-	158	-
Deferred tax assets	3,660	3,549	3,729	3,662	5,713
Intangible assets	16,913	18,542	17,960	15,053	15,240
Current assets	601,118	552,301	501,292	466,027	466,421
Total assets	1,168,809	1,084,224	998,372	969,217	958,692
Non-current liabilities	120,194	135,621	106,943	68,985	57,341
Current liabilities	588,258	443,567	389,356	364,679	401,144
Total liabilities	708,452	579,188	496,299	433,664	458,485
Net assets	460,357	505,036	502,073	535,553	500,207
Shareholders' funds	376,736	342,475	337,546	353,425	320,847
Non-controlling interests	83,621	162,561	164,527	182,128	179,360
Total equity	460,357	505,036	502,073	535,553	500,207

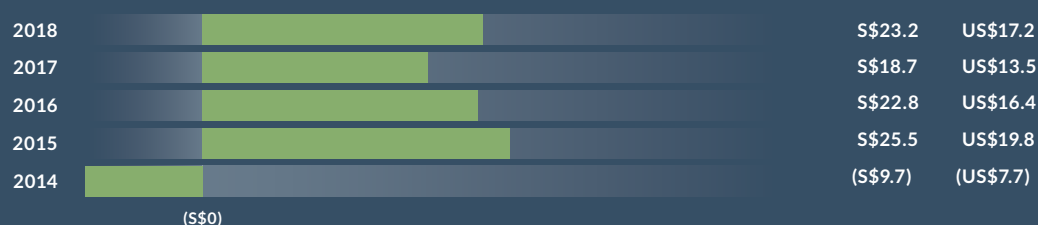
Revenue - Continuing Operations

Year ended 31 March (million)



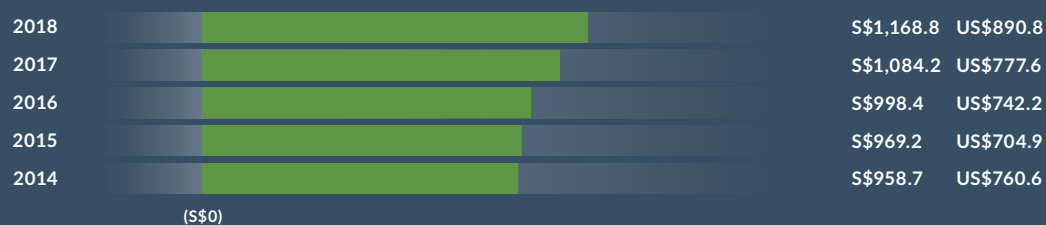
Profit (Loss) Attributable to Equity Holders

Year ended 31 March (million)



Total Assets

As at 31 March (million)



Earnings (Loss) Per Share & Dividends Per Share

Year ended 31 March (cents)



Chairman's Statement



The financial year 2017-2018 ("FY2018") was marked by competitive markets, appreciating Asian currencies, rising interest rates, component shortages and rising material costs. Despite these unfavorable market conditions, the Group maintained its strategy of brand building, technology and product innovation, factory automation and distribution network expansion to compete in this challenging environment.

Results and Dividend

Revenue for FY2018 increased by 6.0% to S\$1,099.7 million, compared to S\$1,037.6 million reported for the financial year ended 31 March 2017 ("FY2017").

During FY2018, rising component prices, especially the rapid price increase of some metals used in batteries manufacturing from July 2017, combined with escalating labour costs in China led to a 1.2% gross profit reduction despite the sales growth. During FY2018, Asian currencies including Chinese Renminbi, Malaysian Ringgit and Singapore dollar appreciated rapidly against US dollar. As a result, the Group reported a S\$11.4 million exchange loss for FY2018 compared to a S\$9.2 million exchange gain reported in FY2017.

During the year, the Group rationalized its brand-building strategy for the Batteries Business in some markets which contributed a 1.1% reduction in distribution costs. The Group also continued to consolidate smaller plants into larger factories and disposed of some excess machineries and properties in China, which contributed to a higher other operating income of S\$44.5 million for FY2018 compared to S\$22.3 million in FY2017. In addition, the Batteries Business stepped up its efforts in managing collection from the distributors in China and as a result doubtful debt provision decreased by S\$3.6 million.

In August 2017, the Group announced a strategic plan to streamline its corporate structure by making a voluntary conditional cash offer to acquire outstanding ordinary shares of GP Batteries International Limited ("GP Batteries"). GP Batteries became a wholly-owned

subsidiary of the Group in December 2017 and was delisted from the Singapore Exchange Securities Trading Limited on 27 December 2017.

For FY2018, profit before taxation was S\$56.9 million, 2.9% higher than last year. Profit after taxation attributable to equity holders increased by 24.5% to S\$23.2 million when compared to S\$18.7 million reported in FY2017.

The Board has recommended a final dividend of 1.75 Singapore cents per share. Together with the interim dividend of 1.25 Singapore cents, the total dividend per share for FY2018 was 3.00 Singapore cents, compared to the total dividend of 2.75 Singapore cents last year.

Business Highlights

Batteries

The market was highly competitive in FY2018. Revenue increased by 8.6% in FY2018 when compared to FY2017. Revenue for the GP branded business, the OEM batteries business and the industrial sales business all recorded growth. However, higher labour costs and sharply rising metal prices significantly eroded the gross margin for the business. During the financial year, the appreciation of Chinese Renminbi, Malaysian Ringgit and Singapore dollar also caused significant exchange loss to the Batteries Business.

The management continued its strategy to consolidate smaller production facilities into the larger and more automated factories. As a result, the management disposed of some excess production machineries and industrial properties. Both the expanded factories in

Malaysia and the new factory in Vietnam started to contribute to the revenue in FY2018.

The Group will continue to invest into building the GP brand and its global distribution network. Investments in building a global e-commerce platform will continue to receive high priority.

With the delisting of GP Batteries from the Singapore Exchange Securities Trading Limited, the Group will have a simpler and more flexible organizational structure for long-term development.

Electronics and Acoustics

The Acoustics Business recorded a 16.8% revenue growth while the Electronics Manufacturing Business recorded a 10.5% revenue decline in FY2018 when compared to FY2017. The investments in branding and distribution have started contributing to the growth of the Acoustics Business. KEF's new media products have received very positive response from the market. The LS50 Wireless speaker is broadly recognized in the market as an innovative product that leads in price-performance ratio and size-performance ratio. The Electronics Manufacturing Business has been facing keen competition, component supply shortages and rapidly increasing component prices. New products are well received by customers and are expected to bring new impetus to the Electronics Business in the financial year 2018-2019.

Automotive Wire Harness

The revenue of the Automotive Wire Harness Business declined by 7.0% in FY2018 when compared to FY2017, mainly caused by the sales decline of a key product reaching the end of its product life cycle. Sales to the US market declined by 23.0% while sales in the domestic China market increased by 30.5%. As the result of the escalating costs in China, the Wire Harness Business in the US market has been increasingly challenged by competition from Mexico and the management has shifted more focus to developing its business in China, the largest automotive market in the world. As a growth strategy, the management is investing into wire harness technologies for modern automotive electronic control systems and electric vehicles.

Other Industrial Investments

This business segment includes the Group's investment in Meiloon Industrial Co., Ltd. ("Meiloon") and Linkz Industries Limited ("Linkz"). In FY2018, Linkz reported revenue growth and contributed higher profit. Time Interconnect Technology Limited, a subsidiary of Linkz,

made a successful initial public offering on the main board of The Stock Exchange of Hong Kong Limited. This new development strengthened the financial position of Linkz. In FY2018, Meiloon also contributed a higher profit despite a slight decrease in revenue.

Outlook

The markets in the US and Europe are expected to strengthen while the market in China is expected to remain strong. However, keen competition, volatilities of the Asian currencies and rising production costs will affect the performance of some of the Group's businesses. Shortages of electronic components, fluctuating metal prices, rising interest rates and protectionist attitude in certain countries also cast uncertainties for the new financial year.

The Group will continue to build our brands and distribution network. The Group recognizes the strong potential of e-marketing and e-commerce trading platforms and will develop the Group's capabilities in these new sales and marketing channels.

The Group will also continue to invest in new technologies, product innovation and factory automation to further improve efficiency, productivity and competitiveness.

Vote of thanks

On behalf of the Board, I would like to thank our staff, our management team and my fellow directors for their commitment and devotion during the year. I also thank our shareholders, customers, suppliers and partners for their continuous support.

Last but not least, I would like to extend our special thanks to Dr Andrew Chuang who will retire as an Executive Director on 1 July 2018 after serving the Board for almost 23 years.



Victor LO Chung Wing
Chairman and Chief Executive Officer
20 June 2018



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Review of Operations

The Group's revenue for the financial year ended 31 March 2018 ("FY2018") was S\$1,099.7 million, an increase of 6.0% over the revenue reported for the previous financial year ended 31 March 2017 ("FY2017"). The increase was mainly attributable to an 8.6% revenue growth reported by the Batteries Business.

The combined impact from the appreciation of Chinese Renminbi and Malaysian Ringgit, increases in labour costs as well as metal and electronic component prices reduced gross profit margin despite the sales increase. The weakening of US dollar against Chinese Renminbi, Malaysian Ringgit and Singapore dollar also contributed to a net exchange loss of S\$11.4 million reported for FY2018.

For FY2018, profit after taxation attributable to equity holders for FY2018 increased by 24.5% to S\$23.2 million when compared to S\$18.7 million reported for FY2017.

Privatisation of GP Batteries International Limited

In August 2017, the Group announced its plan to privatise, via a voluntary conditional cash offer, GP Batteries International Limited ("GP Batteries"), then a 64.88%-owned subsidiary. In December 2017, GP Batteries became a wholly-owned subsidiary and was delisted from the Singapore Exchange Securities Trading Limited with effect from 27 December 2017. Total cash consideration paid by the Group amounted to S\$72.2 million.

The privatisation of GP Batteries has simplified the management structure of the Group's businesses, providing more agility and flexibility to the Group in the rapidly changing business environment today.

Batteries Business

The revenue of the Batteries Business for FY2018 was S\$824.9 million, an 8.6% increase over the revenue for FY2017. Sales of primary batteries and rechargeable batteries increased by 10.9% and 1.6% respectively.

During FY2018, the subsidiary in Malaysia completed the expansion of its production facilities and now have the capacity to meet increased demand from the customers. The subsidiary in Vietnam also started to contribute revenue.

The market for Nickel Metal Hydride rechargeable batteries became more competitive and revenue declined slightly. Sales of rechargeable batteries declined but sales of miniature Lithium rechargeable batteries increased, driven by increasing consumer demand for Internet of Things (IoT) and wearable electronic products.





The Group continued its strategy to consolidate its smaller plants into larger and more automated factories to improve its competitiveness. During FY2018, the Batteries Business completed the disposal of a factory property located in Dongguan, China, which contributed to a pre-tax disposal gain of S\$28.5 million from disposal of property, plant and equipment. The production in Dongguan will be moved to another production facility in Huizhou. In addition, the Batteries Business entered into conditional agreements to dispose of some of its excess land and buildings located in Huizhou and Taiwan in FY2018. These disposals have not been completed as at 31 March 2018.

The subsidiary in Ningbo, China, has planned to relocate its existing manufacturing complex to a new industrial site in a few years. In this connection, the Ningbo subsidiary acquired a piece of land during FY2018 for its new factory complex. In the short term, land acquisition and building cost will increase the Group's net borrowing. However, part of the capital expenditure for this project will be funded by proceeds from disposal of the existing industrial site.

Profit contribution from the Batteries Business increased by 92.9% to S\$19.6 million.



Electronics and Acoustics Business

Revenue from the Electronics and Acoustics Business in FY2018 remained steady.

Sales of electronics products decreased by 10.5% when compared to FY2017, affected mainly by the phasing out of some old products and soft sales in Europe. The Group has developed new powered speakers for music performers and public-address speaker market utilizing the Group's electronic, acoustics and battery technologies. These new products were well received by customers and are expected to start contributing to the Group's revenue in the second half of the financial year 2018-2019.

During FY2018, sales of acoustics products increased by 16.8%. The increase was mainly attributable to the strong reception of KEF's LS50 Wireless sound system and the growth from Celestion's professional speaker driver business. The market for premium component loudspeakers remained competitive, and KEF will continue to invest into developing new high performance wireless sound systems to meet the latest lifestyle trends of consumers. Celestion will continue to develop high performance professional speaker drivers for the high end professional market.



The appreciation of Renminbi, continued increases in labour costs and rapid increase in prices of some components affected margins and costs. Nevertheless, the adverse impact of cost increases on gross profit margin was partly offset by improved sales mix driven by the increased sales of KEF branded products.

The associated companies which manufacture parts and components contributed less profit in aggregate in the competitive business environment.

Total profit contribution from the Electronics and Acoustics Business decreased by 41.6% to \$10.0 million.

Automotive Wire Harness Business

Sales of the Automotive Wire Harness Business decreased by 7.0% in FY2018 but achieved a more balanced export and domestic trade mix. Export sales decreased as some wire harnesses supplied to a key US customer approached the end of their production cycle. Sales to the domestic China market increased as the business gained new supply contracts from domestic





customers. The appreciating Renminbi and increases in labour costs also affected manufacturing costs in this business. As a result, profit contribution decreased by 17.3% to S\$4.0 million.

The Group is investing into technology development and factory automation as part of its strategy to develop more sophisticated wire harnesses to meet the automotive industry's demand for more automated features in new passenger vehicles and the increasing popularity of electric vehicles.



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Other Industrial Investments

This business segment includes the Group's investments in Linkz Industries Limited ("Linkz") and Meiloon Industrial Co., Ltd ("Meiloon").

In FY2018, due to strong demand for its networking cables, Linkz reported revenue growth, and contributed more profit before taxation. During FY2018, Time Interconnect Technology Limited ("Time Interconnect"), a subsidiary of Linkz engaging in the manufacturing of custom cable assemblies, has been listed on The Stock Exchange of Hong Kong Limited. The listing of Time Interconnect did not result in any significant impact to the Group's results but increased the Group's net assets by S\$5.9 million.

Revenue of Meiloon decreased marginally while contributed a higher profit before taxation, mainly due to the introduction of new products which brought better profit margins. Profit contribution from this segment increased by 60.0% to S\$14.4 million.



Outlook

Consumer demand is expected to gradually strengthen in the US and Europe. Demand in China is expected to remain strong. Continued increases in labour costs, volatilities of Asian currencies and increases in the price of certain metals and electronic components will affect the profit margin for some of the Group's businesses. Trade disputes between the US and China will cast uncertainty on part of the Group's businesses.

Fiscal tightening by some governments and rising interest rates will increase finance costs. The Group will

review its funding arrangements to optimise its balance sheet and to reduce borrowings.

The Group will continue to invest into building its GP, KEF and Celestion brands and their distribution networks. The Group will also aggressively invest into technology, product development and factory automation to improve its competitiveness in this competitive market affected by uncertainties.



Brian Li Yiu Cheung
Executive Vice President
20 June 2018

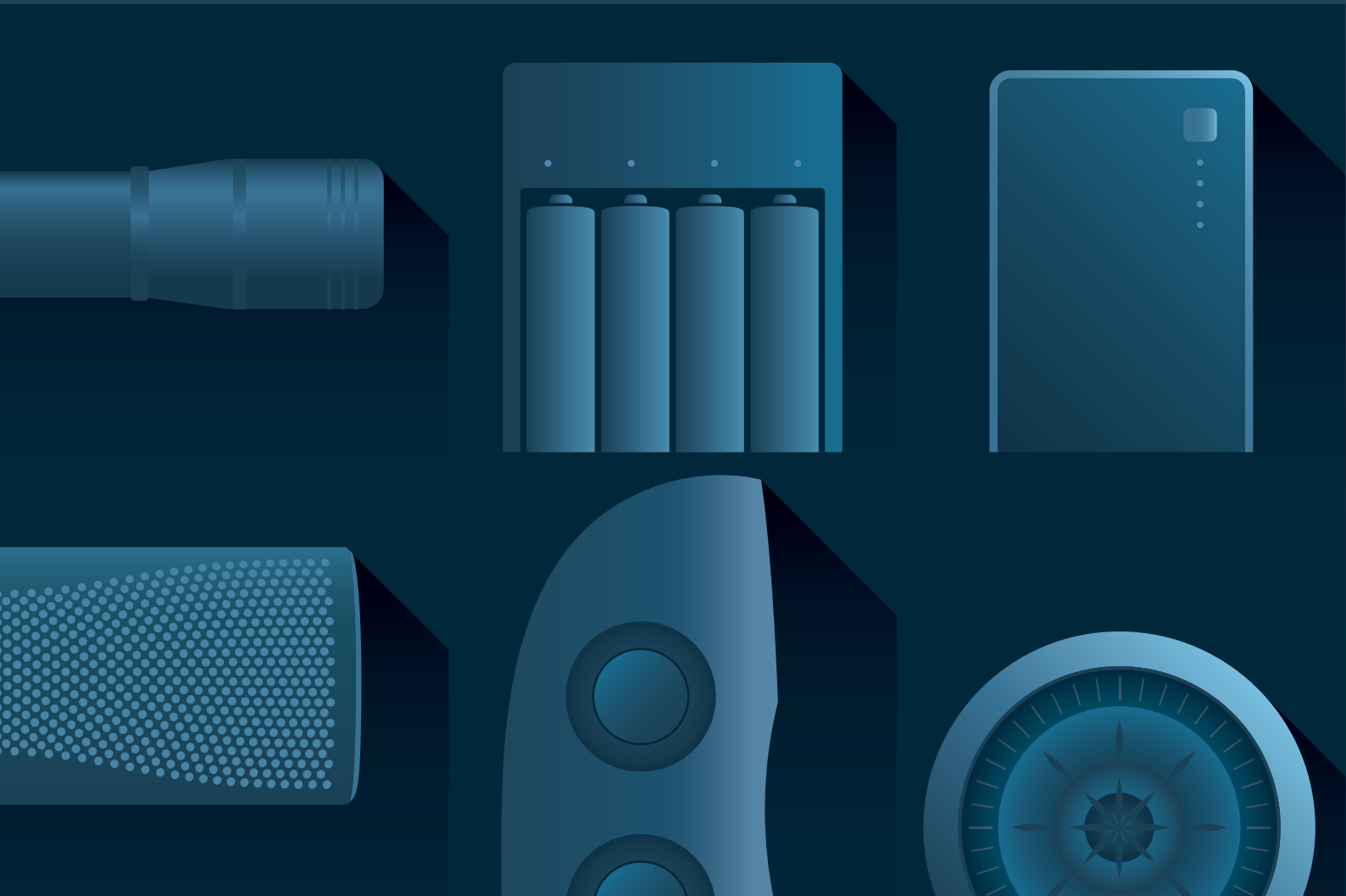
The Four Pillars of Development

1 Building Brands

We continue to reinforce our brand positioning to raise awareness, drive preference and ultimately create brand advocates.

2 Building Customers

We aim to attract loyal customers with outstanding value supported by quality, reliability, safety, and superior customer service.

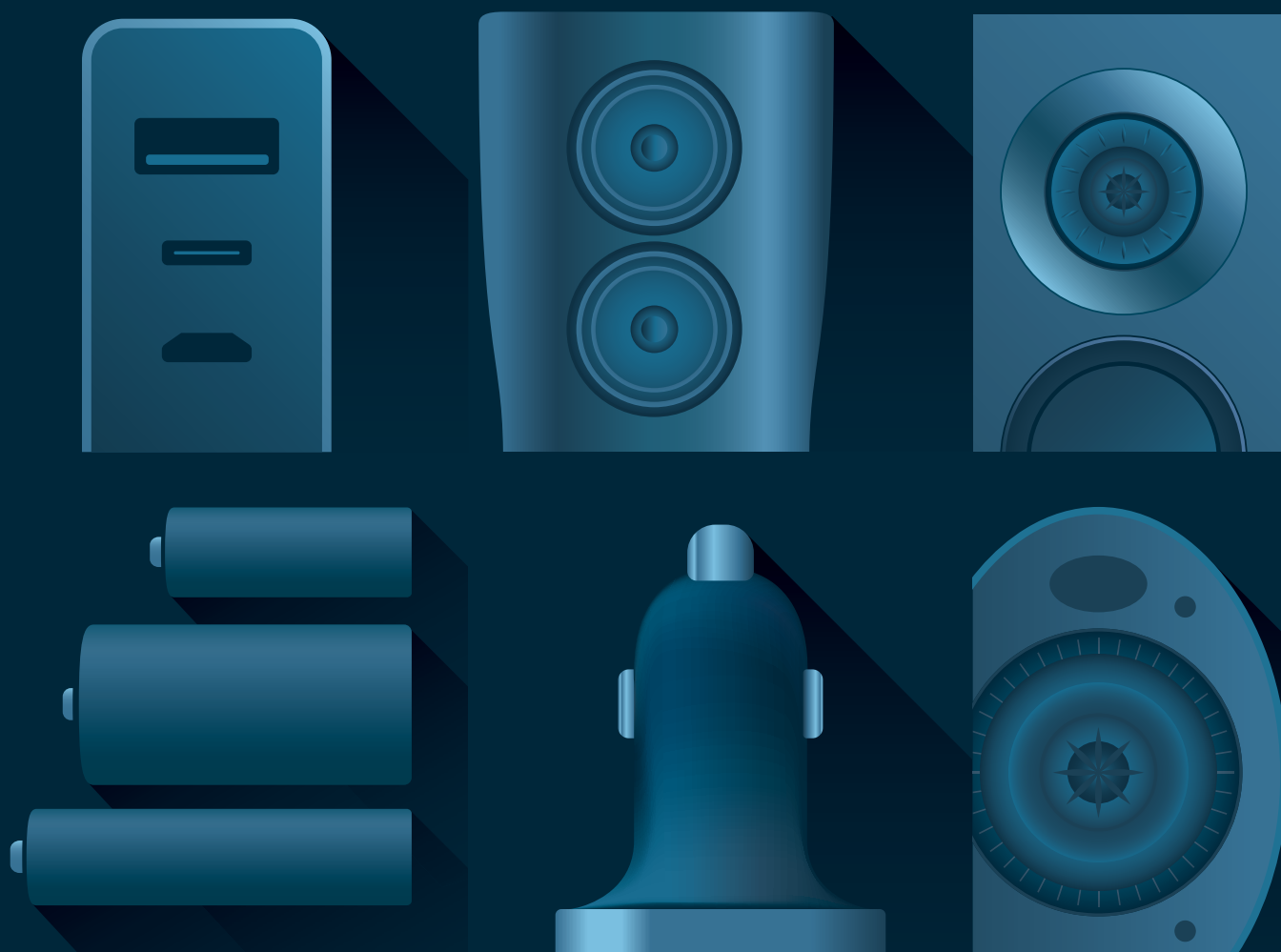


3 Building Channels

From OEM to e-commerce, we drive multinational sales by developing multiple channels and platforms in various market sectors and regions.

4 Building Teams

We built our success on teamwork so we welcome new competencies while valuing the experienced.





Board of Directors and Senior Management

Executive Directors

Victor LO Chung Wing

Aged 68, appointed the Chairman and an Executive Director since 18 October 1995. He was appointed a member of the Nominating Committee on 28 August 2002 and Chief Executive Officer on 3 Feb 2016.

Mr Lo is also the Chairman and Chief Executive of Hong Kong-listed Gold Peak Industries (Holdings) Limited and the Chairman and Chief Executive Officer of GP Batteries International Limited.

Mr Lo is a member of the board of directors of Hong Kong Design Centre. He is a member of the board of the West Kowloon Cultural District Authority in Hong Kong, and the chairman of M Plus Museum Limited. He is a director of PMQ Management Company Ltd, a non-profit-making organization for the promotion of creative industries in Hong Kong. He is also the court chairman of The Hong Kong Polytechnic University. In addition, he is the chairman of board of directors of Hotel ICON Limited, which is the teaching and research hotel under The Hong Kong Polytechnic University.

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

LEUNG Pak Chuen

Aged 68, appointed an Executive Director since 18 October 1995 and is currently the Executive Vice Chairman of the Company. He was appointed a member of the Nominating Committee on 28 August 2002.

He is currently the Deputy Chief Executive of Gold Peak Industries (Holdings) Limited and an Executive Director of GP Batteries International Limited.

Mr Leung has been in the electronics manufacturing industry for over 45 years and has played an important role in setting up major joint ventures in China in mid 1980s.

Mr Leung is a member of The Chartered Institute of Marketing, UK and The International Institute of Management. He graduated from Chu Hai College, Hong Kong with a Bachelor's degree in Business Administration.

Brian LI Yiu Cheung

Aged 65, appointed an Executive Director since 18 October 1995. He is currently the Executive Vice President of the Company.

Dr Li is also an Executive Director of Gold Peak Industries (Holdings) Limited.

Dr Li has been engaging in the electronic engineering and manufacturing industry internationally and in China for over 30 years. He is the vice chairman of the Hong Kong Electronic Industries Association, a council member of the Hong Kong Electronics Industry Council and a member of the Innovation and Technology Development Committee of the Federation of Hong Kong Industries. He is also an honorary advisor of the Institute for Supply Management Hong Kong and a member of the Hong Kong-France Business Partnership – Hong Kong section.

Dr Li currently serves as the Chairman of the Advisory Committee for the Department of Electronic Engineering, a member of the Advisory



Back (left to right): GOH Boon Seong, Andrew CHUANG Siu Leung, Allan CHOY Kam Wing, WONG Man Kit, LIM Hock Beng, LAM Hin Lap
Front (left to right): LIM Jiew Keng, Victor LO Chung Wing, Brian LI Yiu Cheung, LIM Ah Doo, LEUNG Pak Chuen

Committee for the Department of System Engineering and Engineering Management and the Co-operative Education Centre of City University of Hong Kong. He is also a member of the Industrial Advisory Committee for the Department of Industrial Engineering and Logistics Management of The Hong Kong University of Science and Technology, a member of the Advisory Committee on Electronic Engineering of The Chinese University of Hong Kong and a member of the Electronic and Information Engineering Programme Board of Hong Kong Institute of Vocational Education.

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

Andrew CHUANG Siu Leung

Aged 70, appointed an Executive Director since 18 October 1995. He is the Chief Risk Officer of the Company.

Dr Chuang is also an Executive Director of Gold Peak Industries (Holdings) Limited.

Dr Chuang graduated from Queen Mary College of University of London, UK and holds a first class honour in Bachelor's degree in Electrical (Electronics) Engineering and a Doctoral degree in Microwave Engineering.

WONG Man Kit

Aged 58, appointed an Executive Director since 26 May 2006 and is currently the Chief Financial Officer of the Company.

Mr Wong is also the Senior Vice President and General Manager as well as the Company Secretary of Gold Peak Industries (Holdings) Limited. In addition, he is an Executive Director of GP Batteries International Limited.

Mr Wong is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He holds an MBA degree from The Chinese University of Hong Kong.

LAM Hin Lap

Aged 57, appointed an Executive Director since 1 October 2016. He is currently the Group General Manager, Business Development and Assistant to Chairman of the Company.

Mr Lam is also an Executive Director of GP Batteries International Limited. He first joined Gold Peak Group in 2001, and was transferred to a global energy management group following the disposal of the Group's electrical business in 2007. He re-joined the Group in 2014. He has held senior management positions for over 15 years.

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

Board of Directors and Senior Management (cont'd)

Independent Non-Executive Directors

LIM Ah Doo

Aged 69, appointed an Independent Non-executive Director since 15 May 1997 and the Lead Independent Director since 14 August 2013. He has been Chairman of the Audit and Risk Committee since 2 January 1998 and was appointed a member of both the Nominating and Remuneration Committees on 28 August 2002.

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

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

LIM Hock Beng

Aged 78, appointed an Independent Non-executive Director since 2 January 1998. He was appointed the Chairman of the Nominating Committee and a member of the Remuneration Committee on 28 August 2002. He has also been a member of the Audit and Risk Committee since 2 January 1998.

Mr Lim is also an independent director of Colex Holdings Limited, Huan Hsin Holdings Ltd. and King Wan Corporation Limited and serves on various board committees of these companies. Mr Lim has more than 30 years of experience and knowledge in corporate secretarial field. He founded Lim Associates (Pte) Ltd. (now known as Boardroom Corporate & Advisory Services Pte. Ltd.) and was its managing director until his retirement in 1995. Currently, Mr Lim is the managing director of a private investment holding company with its principal interests in investing in quoted securities and properties.

Mr Lim holds a Diploma in Management Accounting and Finance and is a fellow member of the Singapore Institute of Directors.

Allan CHOY Kam Wing

Aged 74, appointed an Independent Non-executive Director since 1 October 2012 and was appointed a member of the Audit and Risk, Nominating and Remuneration Committees on the same date. Mr Choy was appointed Chairman of the Remuneration Committee on 31 July 2013.

Mr Choy has more than 45 years' experience in the electronics and battery industries and had held senior management positions in multinational corporations including the Varta Group and

BCcomponents International B.V. He was an Executive Director of the Company from 1997 to 1998, and Chief Operating Officer of GP Batteries International Limited from 2005 to 2007 and its Independent Non-executive Director from 2011 to January 2018.

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

LIM Jiew Keng

Aged 78, appointed an Independent Non-executive Director since 1 January 2018. He was appointed a member of both the Nominating Committee and Remuneration Committee on the same date.

Mr Lim has had extensive experience in the financial and banking industry, having worked during the 1970s and 1980s in senior management positions in Chase Manhattan Bank, Singapore, Chase Investment Bank (S) Pte Ltd and Banque Paribas Singapore. He had been an advisor to Vickers Ballas Holdings Ltd for 5 years in the mid-1990s. Over a span of 25 years, he had been an independent non-executive director of several SGX-listed companies, the latest being GP Batteries International Limited from 2009 to January 2018. Mr Lim is currently a senior banking and financial consultant and director of BSL Consultants Pte Ltd.

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

GOH Boon Seong

Aged 64, appointed an Independent Non-executive Director since 1 January 2018. He was appointed a member of both the Nominating Committee and Remuneration Committee on the same date.

Mr Goh has over 35 years of management experience in the private sector and is currently the president and chief executive officer of WhiteRock Medical Company Pte Ltd, a medical device group that provides products and services to institutions and homecare providers engaged in rehabilitation and chronic care. He is currently an independent director of Boustead Singapore Limited. Prior to this, Mr Goh held various senior positions within the Singapore Technologies Group in the areas of corporate development, investment and finance. He also served Morgan Grenfell, PrimeEast Group and Merrill Lynch holding senior management positions. He was the Independent Non-executive Director of GP Batteries International Limited from 2012 to January 2018.

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

Senior Management

Ricky CHEUNG Siu Bun

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

Victor CHONG Toong Ying

Joined Gold Peak Group in 2016 and is currently Joint Chief Operating Officer and Head of Rechargeable Products of GP Batteries International Limited. He has more than 25 years' working experience in electrical energy management, and has held senior management positions in strategic leadership and international operation and business development covering China, Asia Pacific, Europe and the Middle East. He holds a Bachelor's degree in Electrical Engineering from Royal Melbourne Institute of Technology, Australia.

Jeroen HOOGLAND

Joined the Group in 2016 and is currently General Manager, Consumer Brands, Europe of GP Global Marketing Limited. He has over 20 years' experience in various sales, marketing and general management positions in lifestyle entertainment, consumer electronics, personal care and car systems businesses. He holds a Master of Science degree in Business Administration from University of Groningen, Netherlands.

Richard KU Yuk Hing

Joined Gold Peak Group in 1978 and is currently an Executive Director of Gold Peak Industries (Holdings) Limited and Vice Chairman of GP Batteries International Limited. He has 40 years' experience in international marketing in the battery industry. He holds a Bachelor of Science degree in Economics from Sophia University, Japan.

Charlton KWONG Yiu Cheung

Joined Gold Peak Group in October 2017 and is currently Senior Vice President, Group Business Development of GP Batteries International Limited. He has more than 20 years of experience in strategic leadership and regional business development. He holds a Bachelor's degree in Mechanical Engineering from University of Sunderland, UK and an MBA degree from City University of Hong Kong.

Walter LAW Wang Chak

Joined the Group in February 2018 and is currently Senior Vice President, Finance and Corporate Development, of the Company. He has over 30 years of experience including mergers and acquisitions, corporate finance advisory and global funds raising exercises. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is qualified to practise as a Certified Public Accountant in Hong Kong. He holds a Bachelor's degree in Economics and a Master's degree in Financial Economics, both from The London School of Economics and Political Science, University of London, UK.

LEUNG Chi Cheong

Joined the Group in 1984 and is currently General Manager of GP Electronics (Huizhou) Co., Ltd. He has more than 45 years' experience in factory management, of which 25 years were in senior positions. He holds a Bachelor's degree in Business Administration and an MBA degree, both from The Open University of Hong Kong.

Grace LO Kit Yee

Joined Gold Peak Group in 2002 and is currently Managing Director of KEF Audio Group under GP Acoustics International Limited. She is also Deputy General Manager of Gold Peak Industries (Holdings) Limited. She graduated from Northwestern University, US and holds a Master of Design degree from Illinois Institute of Technology, US as well as an MBA degree from The Hong Kong University of Science and Technology. She is the daughter of Mr Victor LO Chung Wing.

Manfred TING Siu Man

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

TONG Tak Fai

Joined the Group in 1994 and is currently Managing Director of Huizhou GP Wiring Technology Ltd. He has over 30 years' working experience in engineering and manufacturing operation. He holds a Bachelor of Arts degree in Commerce and Management Studies from Edinburgh Napier University, UK and a Master's degree in Engineering Management from University of Technology, Sydney, Australia.

William WANG Jian Hao

Joined Gold Peak Group in 1983 and is currently General Manager of a major plant under GP Batteries International Limited. He holds an Associate degree in Mechanics from Zhejiang Radio and Television University, China and a Bachelor's degree in Law from China University of Geosciences, Wuhan, China.

Brian WONG Tze Hang

Joined Gold Peak Group in 1993 and is currently an Executive Director and Chief Financial Officer of GP Batteries International Limited. He has over 30 years' experience in the finance and accounting field and is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the UK. He holds a Bachelor of Laws degree from University of London, UK.

Richard YEOW Cheng Teik

Joined Gold Peak Group in 2014 and is currently Joint Chief Operating Officer and Head of Primary Products of GP Batteries International Limited. He has more than 25 years' experience and has held senior management positions in multinational industrial companies in Asia. He holds a Bachelor of Science degree in Electrical Engineering from University of Arkansas, US and an MBA degree from Janus University (formerly known as Newport University), US.

Events and Achievements

- Following the completion of the acquisition of all GP Batteries Shares by GP Industries, GP Batteries International Limited became a wholly-owned subsidiary of GP Industries and was delisted from the Singapore Exchange Securities Trading Limited on 27 December 2017.

Acoustics

- KEF LS50 Wireless received numerous international awards, including “Best Product 2017-2018 Wireless Loudspeaker” by European Imaging and Sound Association (EISA), “Product of the Year – Hall of Fame” and “Product of the Year – Best all-in-one system over £1000” by What Hi-Fi? Sound & Vision, UK. It was also named “Editor’s Choice” by Hi-Fi Choice, UK.
- KEF x Porsche Design GRAVITY ONE bluetooth speaker and MOTION ONE in-ear headphones were presented the “Red Dot Design Award 2017” by Red Dot Design Museum, Germany.
- KEF x Porsche Design SPACE ONE headphones were awarded “Red Dot Best of the Best Design Award 2017” by Red Dot Design Museum, Germany while SPACE ONE Wireless headphones were named “Best of the Best 2017” by Robb Report China.
- KEF Q350 bookshelf speaker was named “Product of the Year – Best standmount speaker £400-£800” by What Hi-Fi? Sound & Vision, UK.
- KEF REFERENCE 5 floorstanding speaker was awarded “Product of the Year Editor’s Choice Award” by Stereophile, US.

Batteries

- GP Batteries International Limited and five factories in China were named “EcoChallenger / EcoPartner” of the BOCHK Corporate Environmental Leadership Awards by Federation of Hong Kong Industries to recognize their contribution and effort in environmental protection and minimizing pollution in the Pan Pearl River Delta region.
- A factory in Shenzhen, China was awarded “Hong Kong-Guangdong Cleaner Production Excellent Partner (Manufacturing)” by the Environment Bureau of Hong Kong and the Economic and Information Commission of Guangdong Province, China.
- A factory in Dongguan, China was recognized as the “Clean Production Enterprise” of the city and the province respectively by Dongguan Energy Trade Association and Guangdong Provincial Cleaner Production Association, China.
- Nielsen’s MarketTrack Report ranked GP as the No.1 brand in sales volume in the Alkaline battery segment as well as the rechargeable battery segment in Hong Kong for the fourteenth consecutive year (2004-2017).

Directors' Statement

The directors of GP Industries Limited (the "Company") present their statement together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 35 to 114 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. Directors

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

Executive:

Victor Lo Chung Wing, Chairman and Chief Executive Officer
Leung Pak Chuen, Executive Vice Chairman
Brian Li Yiu Cheung, Executive Vice President
Andrew Chuang Siu Leung, Chief Risk Officer
Wong Man Kit, Chief Financial Officer
Lam Hin Lap

Independent Non-executive:

Lim Ah Doo, Lead Independent Director
Lim Hock Beng
Allan Choy Kam Wing
Lim Jiew Keng (appointed on 1 January 2018)
Goh Boon Seong (appointed on 1 January 2018)

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

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

3. Directors' interest in shares and debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, the undermentioned persons who were directors of the Company as at 31 March 2018 had interest in shares of the Company, the Company's ultimate holding company, Gold Peak Industries (Holdings) Limited ("Gold Peak") and GP Batteries International Limited ("GP Batteries"), a subsidiary, as detailed below:

Name of director	Shareholdings registered in the name of director			Shareholdings in which director is deemed to have an interest		
	At beginning of financial year	At end of financial year	At 21 April 2018	At beginning of financial year	At end of financial year	At 21 April 2018
Interest in the Company's ordinary shares						
Victor Lo Chung Wing	300,000	300,000	300,000	414,098,443	414,098,443	414,098,443
Leung Pak Chuen	1,608,000	1,608,000	1,608,000	-	-	-
Brian Li Yiu Cheung	1,465,000	1,465,000	1,465,000	-	-	-
Andrew Chuang Siu Leung	-	-	-	155,000	155,000	155,000
Wong Man Kit	72,000	72,000	72,000	-	-	-
Lim Ah Doo	300,000	300,000	300,000	-	-	-
Lim Hock Beng	214,000	214,000	214,000	-	-	-
Interest in Gold Peak's ordinary shares						
Victor Lo Chung Wing	69,045,825	69,045,825	69,045,825	100,940,063	103,440,063	103,440,063
Leung Pak Chuen	4,575,114	4,575,114	4,575,114	-	-	-
Brian Li Yiu Cheung	300,000	300,000	300,000	-	-	-
Andrew Chuang Siu Leung	-	-	-	677,855	677,855	677,855
Wong Man Kit	12	12	12	150,000	150,000	150,000
Interest in GP Batteries' ordinary shares						
Victor Lo Chung Wing	300,000	-	-	102,580,044	158,116,552	158,116,552

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Victor Lo Chung Wing is deemed to have interests in the shares of all of the Company's related corporations as he is interested in more than 20% in the issued shares of Gold Peak.

4. Share options

- During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.
- During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.
- At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5. Audit and Risk Committee

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including a review of the financial statements of the Company and of the Group for the financial year and the auditors' report thereon before their submission to the directors of the Company. In addition, the Audit and Risk Committee also provided oversight that management has created and maintained an effective risk management and control environment in the Company and there is a sound internal controls system and risk management practices in the Company.

At the date of this report, the Audit and Risk Committee comprises the following members, all of whom are independent non-executive directors:

Lim Ah Doo
Lim Hock Beng
Allan Choy Kam Wing

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

- a) the annual audit plan and report of the external auditors;
- b) the results of the internal auditors' examination of the Group's systems of internal accounting controls;
- c) the internal audit plans and results of internal audits as well as management's responses to the recommendations of the internal auditors;
- d) the Group's financial results and accounting policies;
- e) the Group's quarterly, half-yearly and full year results, the statement of financial position of the Company and the consolidated financial statements of the Group before their submission to the Board for approval for public announcements in respect of such results and related results announcement;
- f) the effectiveness of financial, operational, compliance and information technology controls;
- g) the Group's interested person transactions;
- h) non-audit services performed by the external auditors to ensure that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before recommending to the Board, subject to shareholders' approval, the re-appointment of the Company's external auditors; and
- i) the co-operation and assistance given by the management to the internal and external auditors.

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

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

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

6. Auditors

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

On behalf of the Board of Directors

Victor Lo Chung Wing

Chairman and Chief Executive Officer

Leung Pak Chuen

Executive Vice Chairman

20 June 2018

Independent Auditor's Report

TO THE MEMBERS OF GP INDUSTRIES LIMITED

For the financial year ended 31 March 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GP Industries Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 35 to 114.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

We identified the following key audit matters:

Key Audit Matters

a) Impairment of property, plant and equipment

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired.

If any such indication exists, the entity shall estimate the recoverable amount of the asset.

The determination of recoverable amount, based on value-in-use calculations, using cash flow projections from the latest financial budgets, requires management's judgement in both identifying and valuing the relevant assets.

Recoverable amounts are based on management's judgement of variables such as sales growth, operating expenditure, approved capital expenditure and the most appropriate discount rate.

(Refer to Notes 11 and 32 to the consolidated financial statements)

Our audit performed and responses thereon

Our audit procedures focused on evaluating and challenging the key assumptions used by management in its impairment review.

In addition, we performed the following:

- We evaluated the appropriateness of management's relevant controls over the impairment assessment process, including reviewing for indicators of impairment;
- We reviewed the impairment model used by management and challenged management on the suitability of the impairment model and reasonableness of the assumptions;
- We involved our valuation specialists to review key assumptions used in the impairment analysis, in particular the discount rates; and
- We performed sensitivity analysis with regards to the discount rate and growth rate as these are the two significant key assumptions in the impairment model.

Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations.

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

Key Audit Matters*b) Assessment of recoverability of trade receivables*

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired.

If any such indication exists, the entity shall estimate the recoverable amount of the asset.

The assessment of recoverable amounts requires management to make significant judgements regarding the identification of impaired receivables and expectations of future cash inflows from customers.

(Refer to Notes 17 and 32 to the consolidated financial statements)

Our audit performed and responses thereon

We have enquired with management on analyses and assessments made with respect to recovery of individual receivables.

In addition, we performed the following:

- We evaluated the appropriateness of management's controls over the assessment of the expected recovery of trade receivables;
- We evaluated the adequacy of the valuation of the trade receivables and the appropriateness of the impairments recognised taking into account the market considerations in each geographical country; and
- We reviewed the collectability of the trade receivables by obtaining evidence of subsequent receipts from the customers after the year end.

Based on our procedures, we noted that the trade receivables provisions to be within a reasonable range of our expectations.

We have also reviewed the adequacy and appropriateness of the disclosures made in the financial statements, regarding trade receivables and the related risks such as credit risk and the aging of trade receivables as disclosed in Note 17.

Key Audit Matters*c) Assessment of allowance for inventories*

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

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

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

(Refer to Notes 16 and 32 to the consolidated financial statements)

Our audit performed and responses thereon

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

Our audit procedures focused on the following:

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

Based on our procedures, we noted that the inventory provisions to be within a reasonable range of our audit expectations.

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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

Responsibilities of Management and Directors for the Financial Statements (cont'd)

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Loi Chee Keong.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

20 June 2018

Consolidated Income Statement

Financial year ended 31 March 2018

	Note	The Group	
		2018 S\$'000	2017 S\$'000
Revenue	3	1,099,704	1,037,596
Cost of sales		(842,940)	(777,593)
Gross profit		256,764	260,003
Other operating income	4	44,524	22,306
Distribution costs		(113,001)	(114,229)
Administrative expenses		(124,280)	(130,290)
Exchange (loss) gain		(11,428)	9,230
Other operating expenses	5	(8,688)	(9,574)
Profit before finance costs and share of results of associates	6	43,891	37,446
Finance costs	7	(17,091)	(13,028)
Share of results of associates	13	30,116	30,920
Profit before taxation		56,916	55,338
Income tax expense	8	(21,457)	(23,899)
Profit for the financial year		35,459	31,439
Attributable to:			
Equity holders of the Company		23,226	18,660
Non-controlling interests		12,233	12,779
		35,459	31,439
Earnings per share (Singapore cents):			
Basic	9	4.79	3.85
Diluted	9	4.79	3.85

See accompanying notes to the financial statements.

Consolidated Statement of Comprehensive Income

Financial year ended 31 March 2018

	The Group	
	2018 S\$'000	2017 S\$'000
Profit for the financial year	35,459	31,439
Other comprehensive income (loss):		
Exchange translation deficit (surplus), net, reclassified to profit or loss upon disposal / de-registration / liquidation of subsidiaries	696	(763)
Items that will not be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates	17	62
Items that may be reclassified subsequently to profit or loss:		
Exchange translation surplus (deficit)	12,038	(9,481)
Fair value gain on available-for-sale financial assets	4,100	298
Share of other comprehensive (loss) income of associates	(4,111)	5,089
Other comprehensive income (loss) for the financial year, net of tax	12,740	(4,795)
Total comprehensive income for the financial year	48,199	26,644
Attributable to:		
Equity holders of the Company	32,627	17,839
Non-controlling interests	15,572	8,805
	48,199	26,644

See accompanying notes to the financial statements.

Statements of Financial Position

As at 31 March 2018

	Note	The Group		The Company	
		2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Non-current Assets					
Investment properties	10	-	1,791	-	-
Property, plant and equipment	11	291,119	247,962	114	172
Interest in subsidiaries	12	-	-	422,342	337,206
Interest in associates	13	244,589	247,725	29,031	29,031
Available-for-sale financial assets	14	9,783	6,291	-	-
Deferred tax assets	24	3,660	3,549	-	-
Deposits and prepayments		1,627	6,063	-	-
Intangible assets	15	16,913	18,542	-	-
		567,691	531,923	451,487	366,409
Current Assets					
Inventories	16	182,417	152,641	-	-
Receivables and prepayments	17	200,251	210,288	3,787	5,999
Dividend receivable	30	4,771	1,255	21,211	21,607
Taxation recoverable		5,779	2,358	-	-
Derivative financial instruments	18	243	-	-	-
Amount due from ultimate holding company		-	3	-	-
Available-for-sale financial assets	14	4,170	-	-	-
Bank balances, deposits and cash	19	194,161	184,699	10,270	27,445
		591,792	551,244	35,268	55,051
Assets classified as held for sale	36	9,326	1,057	-	-
		601,118	552,301	35,268	55,051
Current Liabilities					
Trade and other payables	20	263,987	232,946	4,124	1,873
Obligations under finance leases	21	40	87	-	-
Income tax payable		4,570	5,717	738	767
Amount due to ultimate holding company		-	865	-	-
Bank and other loans	22	299,769	203,952	73,304	26,303
Notes	23	19,892	-	-	-
		588,258	443,567	78,166	28,943
Net Current Assets (Liabilities)		12,860	108,734	(42,898)	26,108
Non-current Liabilities					
Bank and other loans	22	116,702	131,692	104,959	95,522
Obligations under finance leases	21	63	94	-	-
Deferred tax liabilities	24	3,429	3,835	-	-
		120,194	135,621	104,959	95,522
Net Assets		460,357	505,036	303,630	296,995

See accompanying notes to the financial statements.

	Note	The Group		The Company	
		2018	2017	2018	2017
		S\$'000	S\$'000	S\$'000	S\$'000
Represented by:					
Issued capital	25	286,307	286,307	286,307	286,307
Treasury shares	25	(20,585)	(20,585)	(20,585)	(20,585)
Reserves		111,014	76,753	37,908	31,273
Equity attributable to equity holders of the Company		376,736	342,475	303,630	296,995
Non-controlling interests		83,621	162,561	-	-
Total Equity		460,357	505,036	303,630	296,995

See accompanying notes to the financial statements.

Statements of Changes in Equity

Financial year ended 31 March 2018

	Attributable to equity holders of the Company												
	Issued capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Legal reserve S\$'000	Capital reserve on consolidation S\$'000	Exchange translation reserve S\$'000	Available-for-sale financial assets reserve S\$'000	Share-based payment reserve S\$'000	Property revaluation reserve S\$'000	Retained profits S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
The Group													
Balance at 1 April 2017	286,307	(20,585)	3,132	16,453	22,617	(105,471)	545	1,467	596	137,414	342,475	162,561	505,036
Total comprehensive income (loss)													
Profit for the financial year	-	-	-	-	-	-	-	-	-	23,226	23,226	12,233	35,459
Other comprehensive income for the financial year	-	-	-	-	-	5,287	4,097	-	-	17	9,401	3,339	12,740
Total comprehensive income for the financial year	-	-	-	-	-	5,287	4,097	-	-	23,243	32,627	15,572	48,199
Share of change in net assets of associates other than other comprehensive income	-	-	2,736	-	-	-	-	-	-	3,311	6,047	-	6,047
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners:													
Dividends paid (Note 25)	-	-	-	-	-	-	-	-	-	(13,323)	(13,323)	(8,524)	(21,847)
Changes in ownership interests in subsidiaries:													
Acquisition of additional interests in subsidiaries	-	-	-	-	8,910	-	-	-	-	-	8,910	(85,988)	(77,078)
Total transactions with owners	-	-	-	-	8,910	-	-	-	-	(13,323)	(4,413)	(94,512)	(98,925)
Transfer to reserve	-	-	-	590	-	-	-	-	-	(590)	-	-	-
Balance at 31 March 2018	286,307	(20,585)	5,868	17,043	31,527	(100,184)	4,642	1,467	596	150,055	376,736	83,621	460,357

See accompanying notes to the financial statements.

	Attributable to equity holders of the Company												
	Issued capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Legal reserve S\$'000	Capital reserve on consolidation S\$'000	Exchange translation reserve S\$'000	Available-for-sale financial assets reserve S\$'000	Share-based payment reserve S\$'000	Property revaluation reserve S\$'000	Retained profits S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
The Group													
Balance at 1 April 2016	286,307	(20,514)	3,132	14,946	22,236	(104,417)	352	1,467	596	133,441	337,546	164,527	502,073
Total comprehensive income (loss)													
Profit for the financial year	-	-	-	-	-	-	-	-	-	18,660	18,660	12,779	31,439
Other comprehensive (loss) income for the financial year	-	-	-	-	-	(1,054)	193	-	-	40	(821)	(3,974)	(4,795)
Total comprehensive (loss) income for the financial year	-	-	-	-	-	(1,054)	193	-	-	18,700	17,839	8,805	26,644
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners:													
Purchase of treasury shares (Note 25)	-	(71)	-	-	-	-	-	-	-	-	(71)	-	(71)
Dividends paid (Note 25)	-	-	-	-	-	-	-	-	-	(13,808)	(13,808)	(8,751)	(22,559)
Unclaimed dividends	-	-	-	-	-	-	-	-	-	10	10	-	10
Total contributions by and distributions to owners	-	(71)	-	-	-	-	-	-	-	(13,798)	(13,869)	(8,751)	(22,620)
Changes in ownership interests in subsidiaries:													
Acquisition / deemed acquisition of additional interest in a subsidiary	-	-	-	-	201	-	-	-	-	-	201	(453)	(252)
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	76	76
Capital reduction paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(885)	(885)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	758	758	(758)	-
Total changes in ownership interests in subsidiaries	-	-	-	-	201	-	-	-	-	758	959	(2,020)	(1,061)
Total transactions with owners	-	(71)	-	-	201	-	-	-	-	(13,040)	(12,910)	(10,771)	(23,681)
Transfer to reserve	-	-	-	1,507	-	-	-	-	-	(1,507)	-	-	-
Capitalisation of profits by a subsidiary	-	-	-	-	180	-	-	-	-	(180)	-	-	-
Balance at 31 March 2017	286,307	(20,585)	3,132	16,453	22,617	(105,471)	545	1,467	596	137,414	342,475	162,561	505,036

See accompanying notes to the financial statements.

	Issued capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Retained profits S\$'000	Total equity S\$'000
The Company					
Balance at 1 April 2017	286,307	(20,585)	614	30,659	296,995
Profit and total comprehensive income for the financial year	-	-	-	19,958	19,958
Transactions with owners, recognised directly in equity					
Dividends paid (Note 25)	-	-	-	(13,323)	(13,323)
Balance at 31 March 2018	286,307	(20,585)	614	37,294	303,630
Balance at 1 April 2016	286,307	(20,514)	614	28,292	294,699
Profit and total comprehensive income for the financial year	-	-	-	16,165	16,165
Transactions with owners, recognised directly in equity					
Purchase of treasury shares (Note 25)	-	(71)	-	-	(71)
Dividends paid (Note 25)	-	-	-	(13,808)	(13,808)
Unclaimed dividends	-	-	-	10	10
Total transactions with owners	-	(71)	-	(13,798)	(13,869)
Balance at 31 March 2017	286,307	(20,585)	614	30,659	296,995

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

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

Financial year ended 31 March 2018

	The Group	
	2018 S\$'000	2017 S\$'000
Operating activities		
Profit before taxation	56,916	55,338
Adjustments for:		
Share of results of associates	(30,116)	(30,920)
Depreciation of property, plant and equipment	25,723	22,896
Amortisation of intangible assets	330	337
Finance costs	17,091	13,028
Interest income	(1,256)	(853)
Gain on disposal and write-off of property, plant and equipment, net	(28,148)	(12,549)
Allowance for impairment loss on property, plant and equipment	5,347	2,105
(Write-back of) Allowance for and write-off of inventory obsolescence, net	(61)	3,580
(Write-back of) Allowance for and write-off of bad debt, net	(2,962)	569
Utilisation of prepaid rent	342	-
Loss on disposal / de-registration of (Gain on de-registration of) subsidiaries	696	(763)
Gain on bargain purchase of a subsidiary	-	(139)
Gain in fair value of investment properties	-	(191)
Allowance for impairment loss on intangible assets	-	13
Dividend income from available-for-sale financial assets	-	(5)
Gain from disposal of intangible assets	-	(291)
Realised gain on derivative financial instruments	(248)	(207)
Unrealised fair value gain on derivative financial instruments	(243)	-
Unrealised exchange loss (gain)	2,217	(4,160)
Operating cash flows before movements in working capital	45,628	47,788
Inventories	(38,618)	5,677
Receivables and prepayments	4,593	(31,328)
Trade and other payables	40,169	18,603
Amount due to ultimate holding company	-	78
Cash generated from operations	51,772	40,818
Income tax paid	(20,848)	(17,642)
Finance costs paid	(16,002)	(13,745)
Interest received	1,256	854
Net cash generated from operating activities	16,178	10,285

See accompanying notes to the financial statements.

	The Group	
	2018	2017
	S\$'000	S\$'000
Investing activities		
Purchase of property, plant and equipment (note a)	(76,356)	(42,111)
Deposits received for sale of property, plant and equipment / assets classified as held for sale	13,865	9,359
Proceeds from capital reduction of associates	6,481	-
Deposits paid for purchase of property, plant and equipment	(705)	(5,080)
Proceeds from disposal of property, plant and equipment	20,563	16,377
Dividends received from associates	16,997	16,244
Purchase of available-for-sale financial assets	(4,170)	-
Placement of time deposits	(20,489)	-
Acquisition of a subsidiary, net of cash paid (Note 37)	-	832
Dividend received from available-for-sale financial assets	-	5
Investment in an associate	-	(54)
Proceeds from disposal of intangible assets	-	291
Acquisition of intangible assets	-	(276)
Net cash used in investing activities	(43,814)	(4,413)
Financing activities		
Drawdown of long-term bank and other loans	73,778	153,355
Issues of notes	19,892	-
Repayment of long-term bank and other loans	(74,829)	(103,546)
Drawdown (Repayment) of short-term bank loans, net	91,773	(6,983)
Acquisition of additional interest in subsidiaries	(77,115)	(248)
Obligations under finance leases	(182)	(121)
Dividends paid	(13,323)	(13,808)
Dividend paid to non-controlling interests	(8,524)	(8,751)
Capital reduction paid to non-controlling interests	-	(885)
Unclaimed dividends	-	10
Purchase of treasury shares	-	(71)
A subsidiary's purchase of its own shares from non-controlling interests	-	(4)
Net cash generated from financing activities	11,470	18,948
Net (decrease) increase in cash and cash equivalents	(16,166)	24,820
Cash and cash equivalents at beginning of the financial year	184,699	163,065
Effects of exchange rate changes on the balance of cash held in foreign currencies	5,139	(3,186)
Cash and cash equivalents at end of the financial year	173,672	184,699
Cash and cash equivalents at end of the financial year comprised:		
Bank balances, deposits and cash (Note 19)	194,161	184,699
Less: Time deposits	(20,489)	-
	173,672	184,699

Note (a):

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S\$81,427,000 (2017: S\$45,282,000) of which S\$5,071,000 (2017: S\$3,060,000) were transferred from deposits paid for property, plant and equipment and S\$Nil (2017: S\$111,000) were acquired under finance leases.

See accompanying notes to the financial statements.

Notes to the Financial Statements

31 March 2018

1. General

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

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

The principal activities of the Group’s significant subsidiaries and significant associates are disclosed in Notes 34 and 35 respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2018 were authorised for issue by the Board of Directors on 20 June 2018.

2. Summary of significant accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50, and Singapore Financial Reporting Standards (“FRS”).

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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

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

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

Adoption of New and Revised Standards

During the financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the Company's annual periods beginning on or after 1 April 2017. The adoption of these new / revised FRSs and INT FRSs does not result in any substantial change to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years except for certain presentation improvements arising from Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*.

Basis of Consolidation

Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

Interest in Associates

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

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

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

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

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

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

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

Business Combinations

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

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with FRS 105.

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

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

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

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

Foreign Currency Transactions

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

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

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

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

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

Foreign Currency Translation

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

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

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

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

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

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Revenue from rendering of services is recognised when the services are completed.

Management fee income is recognised when services are rendered.

Engineering development and design fee income is recognised when development services are rendered.

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

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

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

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

Retirement Benefit Costs

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

Employee Leave Entitlement

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

Borrowing Costs

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

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

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

Government Grants

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

Income Tax

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

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

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

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

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

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

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

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

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

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

Financial Instruments

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

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial Assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" ("at FVTPL"), "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

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

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition, it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Available-for-sale financial assets are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until such investments are disposed of or are determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. The fair values of the available-for-sale financial assets that are quoted in an active market are determined based on the published price quotations at the end of the reporting period. The fair values of the available-for-sale financial assets that are not quoted in an active market and whose fair values cannot be reliably measured are carried at cost less impairment.

Non-current receivables, trade and other receivables (including amount due from ultimate holding company)

Non-current receivables, trade and other receivables that have fixed or determinable payments that are not quoted in an active market are accounted for as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

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

Cash and cash equivalents in the consolidated statement of cash flows

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss charged directly to profit or loss for all financial assets with the exception of trade receivables and other receivables where the carrying amount is reduced through the use of an allowance account. When trade receivables and other receivables are uncollectible, they are written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. In respect of available-for-sale equity instruments carried at fair value, any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement, and an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the transferred asset in its entirety and also recognises a financial liability for the consideration received.

Financial Liabilities and Equity Instruments

Classification as debt or equity

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

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

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

Bank and other borrowings

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

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

Equity instruments

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

Treasury shares

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative Financial Instruments

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

Investment Properties

Investment property, which is property held to earn rentals and / or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Transfers are made to or from investment properties when and only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed costs of property for subsequent accounting is its fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

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

Property, Plant and Equipment

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

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

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

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

Freehold land is not depreciated.

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

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

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

Leasehold improvements are depreciated at the shorter of 10% to 33⅓% or over the lease terms.

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

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

Intangible Assets

Goodwill

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

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

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

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

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

Trademarks

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

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

Corporate Club Membership

Investment in corporate club membership is held for long-term and is stated at cost less any impairment in net recoverable value.

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

Inventories

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

Non-current Assets Held For Sale and Discontinued Operations

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

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised in profit or loss on a straight-line basis over the lease term. The depreciation policy for depreciable leased assets is consistent with the Group's depreciation policy for similar assets.

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

The Group as Lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising from operating leases are recognised as an expense in the periods in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Impairment of Tangible and Intangible Assets Excluding Goodwill

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

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

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

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

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

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

Provisions

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

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

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

Share-based Payments

Equity-settled Share-based Payments

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

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

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

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

3. Revenue

	The Group	
	2018 S\$'000	2017 S\$'000
Product sales	1,099,704	1,037,596

4. Other operating income

	The Group	
	2018 S\$'000	2017 S\$'000
Product development and engineering fee income	4,194	352
Interest income:		
Associates	68	42
Banks	816	473
Third parties	372	338
Gain on disposal of property, plant and equipment, net	28,521	13,617
Management fee income from associates	692	1,024
Operating lease income	494	641
Tooling income	1,018	354
Government grant	2,988	1,340
Recovery of bad debts	675	-
Write-back of excess provision for expenses	1,180	-
Realised gain on derivative financial instruments	248	207
Gain on de-registration of subsidiaries	-	763
Gain on bargain purchase of a subsidiary	-	139
Gain from disposal of intangible assets	-	291
Write-back of excess restructuring costs	-	607
Gain in fair value of investment properties	-	191
Others	3,258	1,927
	44,524	22,306

5. Other operating expenses

	The Group	
	2018 S\$'000	2017 S\$'000
Property, plant and equipment written-off	373	1,068
Bank charges	1,882	1,451
Allowance for impairment loss on property, plant and equipment	5,347	2,105
Loss on disposal / de-registration of subsidiaries	696	-
Closure costs of Shanghai factory ⁽¹⁾	-	2,468
Others	390	2,482
	8,688	9,574

⁽¹⁾ Closure costs were incurred in closing the Group's factory in Shanghai when the production facilities for primary button batteries in Shanghai were relocated to Ningbo.

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

Profit before finance costs and share of results of associates is arrived at after charging (crediting) the following:

	The Group	
	2018	2017
	S\$'000	S\$'000
Audit fees:		
Auditors of the Company	452	516
Other auditors	1,512	1,405
Non-audit fees:		
Auditors of the Company	31	19
Other auditors	181	308
Depreciation of property, plant and equipment	25,723	22,896
Amortisation of intangible assets	330	337
Directors' remuneration:		
Fees	273	219
Other emoluments	4,524	4,454
Employee benefits expense (excluding directors' remuneration)	203,783	183,925
Cost of defined contribution plans included in employee benefits expense and directors' remuneration	9,818	9,721
(Write-back of) Allowance for and write-off of inventory obsolescence, net	(61)	3,580
Cost of inventories recognised as expense	837,425	773,137

7. Finance costs

	The Group	
	2018	2017
	S\$'000	S\$'000
Interest on bank loans, overdrafts, bills payable and amortised fees relating to term loans	16,691	12,746
Interest on other loans	308	281
Interest on finance leases	92	1
	17,091	13,028

8. Income tax expense

	The Group	
	2018 S\$'000	2017 S\$'000
Current taxation:		
Provision for taxation in respect of profit for the financial year	13,735	15,994
Over-provision in respect of prior years	(429)	(783)
Withholding tax on overseas income	2,298	2,066
Deferred taxation:		
(Credit) Charge for the financial year	(406)	1,290
Over-provision in respect of prior years	-	(181)
Share of taxation of associates (Note 13)	6,259	5,513
	21,457	23,899

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit before taxation as a result of the following differences:

	The Group	
	2018	2017
	S\$'000	S\$'000
Profit before taxation	56,916	55,338
Income tax expense at statutory tax rate	9,676	9,407
Effect of different tax rates of overseas operations	601	1,466
Income not subject to tax	(1,944)	(2,934)
Expenses not deductible for tax purposes	6,902	4,577
Deferred tax assets not recognised	7,063	12,015
Recognition of previously unrecognised deferred tax assets	(4,802)	(2,327)
Over-provision in prior years, including those of associates	(128)	(1,121)
Withholding tax, including those of associates	2,357	2,176
Deferred tax on undistributed profits	1,565	839
Others	167	(199)
Total income tax expense at effective rates	21,457	23,899

9. Earnings per share

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

a) Earnings

	The Group	
	2018	2017
	S\$'000	S\$'000
Profit attributable to equity holders of the Company	23,226	18,660

9. Earnings per share (cont'd)

b) Number of shares

	The Group	
	2018	2017
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	484,469,182	484,479,464

There were no dilutive potential ordinary shares for the financial year ended 31 March 2018 and 2017.

10. Investment properties

	The Group	
	2018 S\$'000	2017 S\$'000
Balance at beginning of the financial year	1,791	1,672
Reclassified to held for sale	(1,748)	-
Fair value gain	-	191
Currency realignment	(43)	(72)
Balance at end of the financial year	-	1,791

The carrying amount of investment property is the fair value of the property as determined by an independent appraiser having appropriate recognised professional qualification and adequate experience in the location and category of the property being valued. Fair values were determined having regard to the existing use of the property, recent market transactions for similar properties in the same location as the property being valued.

During the financial year, rental income from investment properties leased out under operating leases amounted to S\$176,000 (2017: S\$147,000). Direct operating expenses arising from the rental generating investment properties amounted to S\$33,000 (2017: S\$33,000).

Particulars of the investment property as at 31 March 2017 are as follows:

Description	Fair value S\$'000	Valuation technique	Unobservable inputs	Range of unobservable inputs
Factory building and warehouse in China	1,791	Depreciated replacement cost method	Building construction cost	RMB1,200 to RMB1,500 per square metre

The investment property is categorised under Level 3 of the fair value hierarchy and is generally sensitive to the unobservable input tabled above. A significant movement of input would result in a significant change to the fair value of the investment property.

11. Property, plant and equipment

	Freehold land and buildings S\$'000	Leasehold land and buildings S\$'000	Leasehold improve- ments S\$'000	Furniture, fixtures and equipment S\$'000	Machinery and equipment S\$'000	Motor vehicles S\$'000	Moulds and tools S\$'000	Construc- tion in progress S\$'000	Total S\$'000
The Group									
Cost:									
Balance at 1 April 2017	23,508	149,353	26,273	50,863	355,821	9,090	39,268	18,538	672,714
Additions	-	26,697	3,242	3,180	5,728	939	2,378	39,263	81,427
Disposals and write-offs	-	(4,538)	(5,293)	(7,116)	(45,303)	(1,805)	(380)	(1)	(64,436)
Reclassifications	-	2,801	-	1,128	29,885	-	2,863	(36,677)	-
Reclassified to held for sale	(9,923)	(13,083)	(1,151)	-	-	-	-	-	(24,157)
Currency realignment	673	660	(1,562)	(1,777)	(2,873)	105	(477)	210	(5,041)
Balance at 31 March 2018	14,258	161,890	21,509	46,278	343,258	8,329	43,652	21,333	660,507
Accumulated depreciation:									
Balance at 1 April 2017	6,860	36,244	14,460	35,557	248,887	7,321	26,105	-	375,434
Charge for the financial year	232	5,109	3,416	2,565	10,848	864	2,689	-	25,723
Eliminated on disposals and write-offs	-	(58)	(4,628)	(6,037)	(16,556)	(1,718)	(276)	-	(29,273)
Reclassified to held for sale	(3,974)	(11,496)	(1,109)	-	-	-	-	-	(16,579)
Currency realignment	83	121	(248)	(841)	(4,040)	(180)	(602)	-	(5,707)
Balance at 31 March 2018	3,201	29,920	11,891	31,244	239,139	6,287	27,916	-	349,598
Accumulated impairment loss:									
Balance at 1 April 2017	-	4,287	-	719	44,223	16	73	-	49,318
Charge for the financial year	-	-	-	2,354	2,993	-	-	-	5,347
Eliminated on disposals and write-offs	-	(4,479)	-	(703)	(28,639)	(8)	-	-	(33,829)
Currency realignment	-	192	-	(9)	(1,192)	(1)	(36)	-	(1,046)
Balance at 31 March 2018	-	-	-	2,361	17,385	7	37	-	19,790
Net book value:									
Balance at 31 March 2018	11,057	131,970	9,618	12,673	86,734	2,035	15,699	21,333	291,119

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

	Freehold land and buildings S\$'000	Leasehold land and buildings S\$'000	Leasehold improve- ments S\$'000	Furniture, fixtures and equipment S\$'000	Machinery and equipment S\$'000	Motor vehicles S\$'000	Moulds and tools S\$'000	Construc- tion in progress S\$'000	Total S\$'000
The Group									
Cost:									
Balance at 1 April 2016	24,521	144,711	21,435	50,334	388,318	8,760	38,114	28,717	704,910
Additions	-	211	5,494	2,550	8,126	1,150	1,562	26,189	45,282
Disposals and write-offs	(676)	(6,076)	(1,703)	(3,947)	(60,154)	(868)	(2,083)	(14)	(75,521)
Reclassifications	-	19,330	-	1,100	14,218	-	1,914	(36,562)	-
Reclassified to held for sale	-	(5,787)	-	-	-	-	-	-	(5,787)
Currency realignment	(337)	(3,036)	1,047	826	5,313	48	(239)	208	3,830
Balance at 31 March 2017	23,508	149,353	26,273	50,863	355,821	9,090	39,268	18,538	672,714
Accumulated depreciation:									
Balance at 1 April 2016	6,813	41,406	12,667	36,753	291,938	7,109	25,434	-	422,120
Charge for the financial year	235	3,723	2,609	2,372	10,712	800	2,445	-	22,896
Eliminated on disposals and write-offs	(275)	(3,596)	(1,665)	(3,834)	(57,977)	(656)	(1,809)	-	(69,812)
Reclassified to held for sale	-	(4,730)	-	-	-	-	-	-	(4,730)
Currency realignment	87	(559)	849	266	4,214	68	35	-	4,960
Balance at 31 March 2017	6,860	36,244	14,460	35,557	248,887	7,321	26,105	-	375,434
Accumulated impairment loss:									
Balance at 1 April 2016	-	4,680	-	746	39,763	8	86	-	45,283
Charge for the financial year	-	-	-	87	2,010	8	-	-	2,105
Currency realignment	-	(393)	-	(114)	2,450	-	(13)	-	1,930
Balance at 31 March 2017	-	4,287	-	719	44,223	16	73	-	49,318
Net book value:									
Balance at 31 March 2017	16,648	108,822	11,813	14,587	62,711	1,753	13,090	18,538	247,962

During the financial year, the Group carried out a review of the recoverable amount on certain property, plant and equipment items and an impairment loss of S\$5,347,000 (2017: S\$2,105,000) was recognised to align the carrying amount to recoverable amount. The recoverable amount of the relevant assets has been determined on the basis of their value in use and the discount rate used in measuring value in use was 20% (2017: 12%). The impairment loss was included in other operating expenses (Note 5).

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

	Leasehold improvements S\$'000	Furniture, fixtures and equipment S\$'000	Motor vehicles S\$'000	Total S\$'000
The Company				
Cost:				
Balance at 1 April 2017	101	1,254	390	1,745
Additions	-	3	-	3
Balance at 31 March 2018	101	1,257	390	1,748
Accumulated depreciation:				
Balance at 1 April 2017	57	1,227	289	1,573
Charge for the financial year	20	7	34	61
Balance at 31 March 2018	77	1,234	323	1,634
Net book value:				
Balance at 31 March 2018	24	23	67	114

Cost:				
Balance at 1 April 2016	101	1,251	390	1,742
Additions	-	3	-	3
Balance at 31 March 2017	101	1,254	390	1,745
Accumulated depreciation:				
Balance at 1 April 2016	37	1,218	255	1,510
Charge for the financial year	20	9	34	63
Balance at 31 March 2017	57	1,227	289	1,573
Net book value:				
Balance at 31 March 2017	44	27	101	172

	The Group	
	2018	2017
	S\$'000	S\$'000
Net book value of property, plant and equipment held under finance leases:		
Motor vehicles	146	140
Machinery and equipment	-	76

12. Interest in subsidiaries

	The Company	
	2018	2017
	S\$'000	S\$'000
Quoted equity shares, at cost	-	169,175
Unquoted equity shares, at cost	568,923	314,488
Allowance for impairment loss	(146,581)	(146,457)
	422,342	337,206

Details of the significant subsidiaries are set out in Note 34.

During the financial year,

- a) the Company increased its shareholdings in GP Batteries International Limited ("GP Batteries") from approximately 64.88% as at 30 September 2017 to 100% as at 31 December 2017 pursuant to a voluntary conditional cash offer for, and the consequential compulsory acquisition of, (the "Offer") all the issued ordinary shares of GP Batteries ("GP Batteries Shares"), other than the GP Batteries Shares already owned by the Company. GP Batteries was de-listed from the SGX-ST with effect from 27 December 2017; and
- b) the Company carried out a review of the recoverable amount of its investment in subsidiaries. The estimated recoverable amount of a subsidiary was based on fair value less cost to sell, which was determined with reference to its net asset value. The Company estimated that the recoverable amount of certain subsidiaries were below its carrying value and accordingly the Company recognised an allowance for impairment loss of S\$124,000 (2017: S\$283,000) in these subsidiaries. The recoverable amount of certain subsidiaries has decreased due to losses incurred during the financial year.

During the financial year ended 31 March 2017, allowance for impairment loss of S\$4,103,000 was written-off upon de-registration of certain subsidiaries.

12. Interest in subsidiaries (cont'd)

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

Name of subsidiary	Place of incorporation and business	Effective percentage of equity and voting power held by the non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2018 %	2017 %	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Zhongyin (Ningbo) Battery Co. Ltd ⁽¹⁾	The People's Republic of China	30.00	-	11,054	-	65,961	-
Ningbo Fubang Battery Co Ltd ⁽¹⁾	The People's Republic of China	28.00	-	1,248	-	8,631	-
GP Batteries and subsidiaries ("GP Batteries Group") ⁽²⁾	Singapore	-	35.12	3,377	12,596	-	160,317
Intra-group elimination				(3,729)	-	-	-
Subsidiaries with immaterial non-controlling interests				283	183	9,029	2,244
				12,233	12,779	83,621	162,561

⁽¹⁾ Subsidiaries of GP Batteries.

⁽²⁾ Relates to non-controlling interests of GP Batteries before it became a 100%-owned subsidiary.

12. Interest in subsidiaries (cont'd)

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

	2018		2017
	Zhongyin (Ningbo) Battery Co. Ltd ⁽¹⁾ S\$'000	Ningbo Fubang Battery Co Ltd ⁽¹⁾ S\$'000	GP Batteries Group S\$'000
Current assets	140,523	29,121	384,763
Non-current assets	173,594	9,685	284,225
Current liabilities	117,449	10,824	335,542
Non-current liabilities	-	-	26,381
Equity attributable to equity holders of the Company	137,668	20,147	146,748
Non-controlling interests	59,000	7,835	160,317
Dividend payable to non-controlling interests	6,961	796	-
Revenue	398,846	51,507	759,842
Profit attributable to:			
Equity holders of GP Batteries	25,794	3,210	-
Equity holders of the Company	-	-	2,249
Non-controlling interests	11,054	1,248	12,596
Profit for the year	36,848	4,458	14,845
Total comprehensive income (loss) attributable to:			
Equity holders of GP Batteries	28,779	3,463	-
Equity holders of the Company	-	-	(2,402)
Non-controlling interests	12,333	1,347	8,551
Total comprehensive income for the year	41,112	4,810	6,149
Dividends paid to non-controlling interests	6,281	1,193	8,697
Net cash generated from operating activities	27,977	12,600	26,602
Net cash used in investing activities	(54,636)	(654)	(16,882)
Net cash used in financing activities	(5,144)	(19,096)	(764)
Net (decrease) increase in cash and cash equivalents	(31,803)	(7,150)	8,956

⁽¹⁾ Subsidiaries of GP Batteries.

13. Interest in associates

	The Group		The Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted equity shares, at cost	17,797	21,655	-	-
Unquoted equity shares, at cost	63,950	64,939	29,031	29,031
	81,747	86,594	29,031	29,031
Loan to associate	1,778	1,778	-	-
Share of post-acquisition reserves, net of dividend declared	172,046	170,335	-	-
Allowance for impairment loss	(10,982)	(10,982)	-	-
	244,589	247,725	29,031	29,031
Market value of quoted equity shares at 31 March	53,838	43,246	-	-

Details of the significant associates are set out in Note 35.

The issued shares of one of the Group's associates are quoted. The shares of Meiloon Industrial Co., Ltd. ("Meiloon") are quoted on the Taiwan Stock Exchange Corporation.

As at 31 March 2018 and 31 March 2017, the market value of the Group's investment in Meiloon was higher than the corresponding carrying value in the Group's financial statements.

The Group's share of attributable profit of associates for the financial year is as follows:

	The Group	
	2018	2017
	S\$'000	S\$'000
Share of results	30,116	30,920
Share of taxation (Note 8)	(6,259)	(5,513)
Share of attributable profit	23,857	25,407

The following are the Group's material associates:

- i) Linkz Industries Limited ("Linkz") group of companies ("Linkz Group")
- ii) Meiloon group of companies ("Meiloon Group")

13. Interest in associates (cont'd)

Summarised financial information in respect of each of the Group's material associates are as follows:

	Linkz Group S\$'000	Meiloon Group S\$'000
2018		
Current assets	420,190	146,264
Non-current assets	274,407	105,180
Current liabilities	322,556	64,102
Non-current liabilities	49,188	31,461
Non-controlling interests	29,471	14,003
Equity attributable to equity holders of the associate	293,382	141,878
Revenue	565,003	163,381
Profit for the year	32,674	15,944
Other comprehensive loss for the year	(7,855)	(10,430)
Total comprehensive income for the year	24,819	5,514
Change in net assets other than other comprehensive income (note a)	15,858	-
Dividend received from the associate during the year	3,840	-
Capital reduction received from the associate during the year	-	3,695

Note:

- a) Comprised mainly capital reserve and related surplus arising from the dilution of interest in a subsidiary of Linkz Group, which was listed on The Stock Exchange of Hong Kong Limited during the financial year ended 31 March 2018.

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

	Linkz Group S\$'000	Meiloon Group S\$'000
2018		
Equity attributable to equity holders of the associate	293,382	141,878
Proportion of the Group's ownership	38.13%	20.27%
The Group's share of equity attributable to equity holders of the associate	111,867	28,754
Goodwill	-	6,781
Other adjustments	(397)	(39)
Carrying amount of the Group's interest in the associate	111,470	35,496

13. Interest in associates (cont'd)

Summarised financial information in respect of each of the Group's material associates are as follows:

	Linkz Group S\$'000	Meiloon Group S\$'000
2017		
Current assets	339,676	153,448
Non-current assets	217,465	100,002
Current liabilities	264,498	55,680
Non-current liabilities	23,763	28,980
Non-controlling interests	1,914	15,640
Equity attributable to equity holders of the associate	266,966	153,150
Revenue	478,226	161,299
Profit for the year	17,996	15,477
Other comprehensive income for the year	1,434	10,459
Total comprehensive income for the year	19,430	25,936
Dividend received from the associate during the year	2,358	2,279

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

	Linkz Group S\$'000	Meiloon Group S\$'000
2017		
Equity attributable to equity holders of the associate	266,966	153,150
Proportion of the Group's ownership	38.13%	20.27%
The Group's share of equity attributable to equity holders of the associate	101,794	31,038
Goodwill	-	6,944
Other adjustments	(436)	(39)
Carrying amount of the Group's interest in the associate	101,358	37,943

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

	2018 S\$'000	2017 S\$'000
The Group's share of:		
Profit for the year	9,709	13,590
Other comprehensive income for the year	563	1,516
Total comprehensive income for the year	10,272	15,106
Aggregate carrying amount of the Group's interest in these associates	97,623	108,424

13. Interest in associates (cont'd)

Unrecognised share of profit (losses) of associates are as follows:

	2018 S\$'000	2017 S\$'000
For the financial year	(170)	4,587
At 31 March	(378)	(208)

14. Available-for-sale financial assets

	The Group	
	2018 S\$'000	2017 S\$'000
<u>Non-current assets</u>		
Investment in quoted equity shares, at fair value	6,511	2,770
Investment in unquoted equity shares, at cost	3,272	3,521
	9,783	6,291
<u>Current assets</u>		
Structured deposits	4,170	-

Certain investment in unquoted equity shares are carried at cost as the recoverability of investment is uncertain and dependent on the outcome of its activities. The management is of the opinion that their fair values cannot be measured reliably.

Structured deposits represent a deposit placed and the return of the investment is dependent on the return of the underlying investments of the structured deposits. As at 31 March 2018, the carrying value of the structured deposits approximates its fair value.

15. Intangible assets

	The Group	
	2018 S\$'000	2017 S\$'000
Goodwill	11,417	12,286
Other intangible assets	5,496	6,256
	16,913	18,542

15. Intangible assets (cont'd)

Goodwill

	The Group	
	2018 S\$'000	2017 S\$'000
Cost:		
Balance at beginning of the financial year	22,049	21,274
Amount written-off during the financial year	(282)	(2)
Currency realignment	(1,546)	777
Balance at end of the financial year	20,221	22,049
Accumulated impairment loss:		
Balance at beginning of the financial year	9,763	9,421
Amount written-off during the financial year	(282)	(2)
Currency realignment	(677)	344
Balance at end of the financial year	8,804	9,763
Net book value:		
Balance at end of the financial year	11,417	12,286

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

During the financial year, the Group carried out a review of the recoverable amount of the CGUs of the Batteries business, which are determined based on the value in use calculations using cash flow projections derived from most recent financial budget approved by management for the next year (2017: one year) and extrapolates for the following four years (2017: four years) based on average growth rates of approximately -1.3% to 9.2% (2017: -3.3% to 13.1%). Pre-tax discount rates ranged from 11.0% to 14.4% (2017: 11.0% to 14.8%) were used to discount the cash flow forecast.

If management's estimate of discount rate increases or decreases by 1%, the aggregate amount of value in use would decrease by S\$18,172,000 (2017: S\$16,979,000) or increase by S\$21,668,000 (2017: S\$20,272,000) respectively.

The aggregate carrying value of goodwill attributable to the CGUs of the Batteries business as at 31 March 2018 amounted to S\$11,123,000 (2017: S\$11,970,000). Based on the key assumptions and taking into account the sensitivity analysis above, management has determined that the recoverable amounts of the CGUs of the Batteries business are appropriate. In addition, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs. Accordingly, no allowance or further allowance for impairment loss is required.

15. Intangible assets (cont'd)

The remaining amount of goodwill of S\$294,000 (2017: S\$316,000), mainly attributable to the CGUs of the automotive wire harness business, is insignificant.

Other Intangible Assets

	The Group	
	Corporate club membership S\$'000	Trademarks S\$'000
		Total S\$'000
Cost:		
Balance at 1 April 2017	194	6,828
Amount written-off during the financial year	(194)	-
Currency realignment	-	(483)
Balance at 31 March 2018	-	6,345
Accumulated amortisation:		
Balance at 1 April 2017	-	572
Charge for the financial year	-	330
Currency realignment	-	(53)
Balance at 31 March 2018	-	849
Accumulated impairment loss:		
Balance at 1 April 2017	194	-
Amount written-off during the financial year	(194)	-
Balance at 31 March 2018	-	-
Net book value:		
Balance at 31 March 2018	-	5,496

15. Intangible assets (cont'd)

	The Group		
	Corporate club membership	Trademarks	Total
	S\$'000	S\$'000	S\$'000
Cost:			
Balance at 1 April 2016	194	6,318	6,512
Additions	-	276	276
Currency realignment	-	234	234
Balance at 31 March 2017	194	6,828	7,022
Accumulated amortisation:			
Balance at 1 April 2016	-	224	224
Charge for the financial year	-	337	337
Currency realignment	-	11	11
Balance at 31 March 2017	-	572	572
Accumulated impairment loss:			
Balance at 1 April 2016	181	-	181
Charge for the financial year	13	-	13
Balance at 31 March 2017	194	-	194
Net book value:			
Balance at 31 March 2017	-	6,256	6,256

16. Inventories

	The Group	
	2018 S\$'000	2017 S\$'000
Raw materials	44,058	37,435
Work-in-progress	51,386	40,858
Finished goods	86,973	74,348
	182,417	152,641

17. Receivables and prepayments

	The Group		The Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables:				
Third parties	145,693	164,614	-	-
Associates (note a)	11,320	8,349	-	-
Less: Allowance for doubtful receivables:				
Third parties	(4,897)	(8,365)	-	-
Associates	(47)	-	-	-
	152,069	164,598	-	-
Other receivables:				
Third parties	22,680	18,963	1	3
Associates (note a)	653	659	-	-
Subsidiaries	-	-	1,221	3,448
Less: Allowance for doubtful receivables:				
Third parties	(228)	(244)	-	-
Associates	-	(252)	-	-
	23,105	19,126	1,222	3,451
Deposits and prepayments	25,077	26,564	2,565	2,548
	200,251	210,288	3,787	5,999

Note:

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

	The Group	
	2018	2017
	S\$'000	S\$'000
Movements in the allowance for doubtful receivables during the financial year are as follows:		
Balance at beginning of the financial year	8,861	30,773
Acquisition of a subsidiary	-	3
(Write-back) Charge for the financial year, net	(2,962)	555
Amount utilised	(587)	(23,204)
Currency realignment	(140)	734
Balance at end of the financial year	5,172	8,861
Allowance for doubtful receivables at the end of the financial year comprises:		
Doubtful trade receivables	4,944	8,365
Doubtful other receivables	228	496
	5,172	8,861

17. Receivables and prepayments (cont'd)

Included in allowance for doubtful receivables were specific allowance against trade receivables and other receivables of S\$1,568,000 and S\$228,000 respectively (2017: S\$1,452,000 and S\$496,000 respectively). The allowance for doubtful receivables recognised represented the difference between the carrying amount of the related receivables and the present value of the collectible amount. Such receivables were individually impaired either because a debt was significantly past due and the debtor did not respond to repayment demands, or there were circumstances that indicated a debtor might not be able to honour its obligations when the debt was due. The Group does not hold any collateral over these receivables.

Trade receivables are generally non-interest bearing with credit terms of up to 90 days (2017: 90 days). The Group closely monitors the credit quality of its trade receivables. For receivables that are not past due, they are considered collectible and accordingly not impaired. Interest may be charged on past due trade receivables.

The age analysis of trade receivables that are past due but not impaired is as follows:

The Group	
	2017
	S\$'000
2018	
S\$'000	
Past due 1 to 60 days	19,385
Past due 61 to 90 days	2,909
Past due 91 to 120 days	3,093
Past due more than 120 days	5,674
25,697	31,061

The Group has not provided for any impairment loss allowance in respect of the above-mentioned receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The age analysis of non-trade related receivables that are past due but not impaired is as follows:

The Group	
	2017
	S\$'000
2018	
S\$'000	
Past due 1 to 60 days	6,023
Past due 61 to 90 days	55
Past due 91 to 120 days	16
Past due more than 120 days	1,997
4,821	8,091

The Group has not provided for any impairment loss allowance in respect of the above-mentioned receivables as the amounts are still considered recoverable. The Group does not hold any collateral over these receivables.

18. Derivative financial instruments

	The Group	
	2018	2017
	S\$'000	S\$'000
Cross currency swaps	226	-
Forward foreign exchange contracts	17	-
	243	-

The Group uses cross currency swaps to hedge the foreign currency risks arising from the principal outstanding and interest payments of its RMB denominated notes. As at 31 March 2018, major terms of the cross currency swap contracts are as follows:

Notional amount	Maturity	Exchange rate	Receive	Pay
RMB'000				
30,000	24 April 2018	HKD/RMB 1.2218	4.80% in RMB	2.50% in HKD
35,446	13 June 2018	HKD/RMB 1.2394	5.10% in RMB	2.95% in HKD
29,963	27 June 2018	HKD/RMB 1.2484	5.10% in RMB	3.44% in HKD

During the financial year, the Group also entered into several forward foreign exchange contracts to manage the Group's exchange rate exposures. As at 31 March 2018, major terms of the forward foreign exchange contracts are as follows:

Notional amount	Maturity	Exchange rate
Buy USD2,000,000	17 April 2018	USD/RMB 6.350
Buy USD1,400,000	24 April 2018	USD/RMB 6.350
Buy USD1,000,000	11 April 2018	USD/HKD 7.816
Buy USD2,000,000	16 April 2018	USD/HKD 7.815
Buy USD1,000,000	24 April 2018	USD/HKD 7.813

19. Bank balances, deposits and cash

Included in the Group's bank balances, deposits and cash are time deposits amounted to RMB98,271,000 (equivalent to S\$20,489,000) in aggregate (2017: S\$Nil) placed with a bank in the PRC.

The carrying amounts of these assets approximate their fair values.

20. Trade and other payables

	The Group		The Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables:				
Third parties	156,598	139,211	-	-
Associates	20,644	22,552	-	-
Other payables:				
Third parties	35,715	30,929	491	6
Amount due to ultimate holding company	9,845	-	173	-
Associates	425	75	-	-
Subsidiaries	-	-	1,819	909
Accrued charges	40,760	40,179	1,641	958
	263,987	232,946	4,124	1,873

Trade payables have credit terms of up to 90 days (2017: 90 days).

The Company's immediate and ultimate holding company is Gold Peak Industries (Holdings) Limited ("Gold Peak"), incorporated in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") and listed on The Stock Exchange of Hong Kong Limited. The amounts due to Gold Peak are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

21. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
The Group				
Amounts payable under finance leases:				
Within one year	55	192	40	87
Within two to five years	72	106	63	94
	127	298	103	181
Less: Future finance lease charges	(24)	(117)	-	-
Present value of finance lease obligations	103	181	103	181
Less: Amount due within twelve months as shown under current liabilities			(40)	(87)
Amount due for settlement after twelve months			63	94

The initial lease terms are five years (2017: five years).

The fair value of the Group's lease obligations approximates their carrying amount.

22. Bank and other loans

	The Group		The Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Current liabilities (unsecured)				
Current portion of long-term bank loans	84,138	72,517	40,114	26,303
Current portion of loan from an equipment lease company	4,000	4,984	-	-
Short-term bank loans	179,682	105,186	33,190	-
Import and export loans	31,949	21,265	-	-
	299,769	203,952	73,304	26,303
Non-current liabilities (unsecured)				
Long-term bank loans due after one year	113,489	123,927	104,959	95,522
Loan from an equipment lease company due after one year	3,213	7,765	-	-
	116,702	131,692	104,959	95,522
	416,471	335,644	178,263	121,825

As at 31 March 2018, bank loans of the Company amounting to S\$145,073,000 (2017: S\$121,825,000) were guaranteed by certain subsidiaries of the Company.

Reconciliation of liabilities arising from financing activities

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

	Note	At 1 April 2017 S\$'000	Financing cash flows S\$'000	Non-cash changes		At 31 March 2018 S\$'000
				Foreign exchange movement S\$'000	Others ⁽³⁾ S\$'000	
Finance leases	21	181	(182) ⁽¹⁾	12	92	103
Bank and other loans	22	335,644	90,722 ⁽²⁾	(9,895)	-	416,471
Notes	23	-	19,892 ⁽¹⁾	-	-	19,892
		335,825	110,432	(9,883)	92	436,466

⁽¹⁾ Being repayment of finance lease and net proceeds from issuance of notes in the consolidated statement of cash flows respectively.

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

	S\$'000
Drawdown of long-term bank and other loans	73,778
Repayment of long-term bank and other loans	(74,829)
Drawdown of short-term bank loans, net	91,773
	90,722

⁽³⁾ Includes interest adjustments.

23. Notes

As at 31 March 2018, details of the unsecured fixed rate notes denominated in Renminbi with an aggregate principal amount of RMB95,409,000 (approximately \$19,892,000) are as follows:

Date of issue	Date of redemption	Interest rate	Principal RMB'000
24 January 2018	24 April 2018	4.8%	30,000
13 March 2018	13 June 2018	5.1%	35,446
27 March 2018	27 June 2018	5.1%	29,963
			<u>95,409</u>

24. Deferred tax assets and deferred tax liabilities

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

	Accelerated tax depreciation S\$'000	Revaluation of investment property S\$'000	Tax losses S\$'000	Other temporary differences, net S\$'000	Total S\$'000
The Group					
<u>Deferred tax assets</u>					
Balance at 1 April 2017	992	-	373	2,184	3,549
Credit (Charge) to profit or loss for the financial year	455	-	-	(192)	263
Currency realignment	34	-	26	(212)	(152)
Balance at 31 March 2018	<u>1,481</u>	<u>-</u>	<u>399</u>	<u>1,780</u>	3,660
Balance at 1 April 2016	1,331	-	190	2,208	3,729
(Charge) Credit to profit or loss for the financial year	(294)	-	183	(104)	(215)
Currency realignment	(45)	-	-	80	35
Balance at 31 March 2017	<u>992</u>	<u>-</u>	<u>373</u>	<u>2,184</u>	3,549
<u>Deferred tax liabilities</u>					
Balance at 1 April 2017	1,472	163	-	2,200	3,835
(Credit) Charge to profit or loss for the financial year	(1,260)	-	-	1,117	(143)
Currency realignment	(51)	(12)	-	(200)	(263)
Balance at 31 March 2018	<u>161</u>	<u>151</u>	<u>-</u>	<u>3,117</u>	3,429
Balance at 1 April 2016	1,072	111	-	1,739	2,922
Charge to profit or loss for the financial year	472	48	-	374	894
Currency realignment	(72)	4	-	87	19
Balance at 31 March 2017	<u>1,472</u>	<u>163</u>	<u>-</u>	<u>2,200</u>	3,835

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

As at 31 March 2018, subsidiaries of the Group had potential tax benefits of approximately S\$47,699,000 (2017: S\$59,949,000) arising from unutilised tax losses, unabsorbed wear and tear allowances and other temporary differences, which were available for set off against future taxable profits. These potential tax benefits were not recognised in the financial statements due to the uncertainty of its recoverability. The use of these potential tax benefits is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Unutilised tax losses include losses of S\$71,036,000 (2017: S\$81,195,000) for subsidiaries operating in certain foreign tax jurisdiction that will expire within five years.

25. Issued capital, treasury shares and dividends**a) Issued capital**

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares	Number of ordinary shares	S\$'000	S\$'000
Issued and fully paid up:				
At beginning and end of the financial year	521,358,482	521,358,482	286,307	286,307

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

b) Treasury shares

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares	Number of ordinary shares	S\$'000	S\$'000
At beginning of the financial year	36,889,300	36,773,800	20,585	20,514
On-market purchases	-	115,500	-	71
At end of the financial year	36,889,300	36,889,300	20,585	20,585

Treasury shares are Shares that are held by the Company.

During the financial year ended 31 March 2017, the Company purchased 115,500 of its Shares by way of on-market purchases at share prices ranging from S\$0.590 to S\$0.630.

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

c) Dividends

Group and Company	
2018	2017
S\$'000	S\$'000
i) Dividends paid during the financial year are as follows:	
Final tax-exempt (1-tier) dividend of 1.50 Singapore cents ("S cents") per Share for the financial year ended 31 March 2017	
7,267	-
Final tax-exempt (1-tier) dividend of 1.60 S cents per Share for the financial year ended 31 March 2016	
-	7,752
Interim tax-exempt (1-tier) dividend of 1.25 S cents per Share for the financial year ended 31 March 2018	
6,056	-
Interim tax-exempt (1-tier) dividend of 1.25 S cents per Share for the financial year ended 31 March 2017	
-	6,056
13,323	13,808
ii) Dividends proposed before these financial statements were authorised and not included as liabilities in these financial statements are as follows:	
Final tax-exempt (1-tier) dividend of 1.75 S cents per Share for the financial year ended 31 March 2018 (2017: 1.50 S cents)	
8,478	7,267

The proposed dividend amount in respect of the financial year ended 31 March 2018 of S\$8,478,000 was based on 484,469,182 issued Shares (excluding treasury shares) as at 28 May 2018. The proposed dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

The proposed dividend amount in respect of the financial year ended 31 March 2017 of S\$7,267,000 was based on 484,469,182 issued Shares (excluding treasury shares) as at 23 May 2017. The said dividend was approved by the shareholders at the annual general meeting of the Company held on 28 July 2017 and was paid in August 2017.

26. Lease commitments***The Group as lessee***

	The Group		The Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Minimum lease payments paid under operating leases recognised as an expense:				
Related companies	1,914	1,639	-	-
Third parties	8,512	12,097	181	181
	10,426	13,736	181	181
Outstanding commitments under non-cancellable operating leases falling due:				
Within one year	12,213	13,141	393	393
Within two to five years	15,690	31,744	425	818
After five years	14	2,446	-	-
	27,917	47,331	818	1,211

Operating lease payments represent rentals payable by the Group for rental of office and factory premises, motor vehicles and plant and machinery. Leases are negotiated for lease terms of between one year and fifteen years.

The Group as lessor

The Group rents out certain of its properties under operating leases. The Group has contracted with tenants for the following future minimum lease payments:

	The Group	
	2018	2017
	S\$'000	S\$'000
Within one year	409	393
Within two to five years	666	718
After five years	198	330
	1,273	1,441

27. Capital commitments

	The Group		The Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Capital expenditure:				
Commitments for the acquisition of property, plant and equipment	3,408	14,997	-	-

28. Contingent liabilities (unsecured)

	The Group		The Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Guarantees given to certain banks in respect of banking facilities utilised by:				
Subsidiaries	-	-	72,897	38,324
Associates	-	209	-	209
Others	1,312	1,394	-	-

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

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

29. Segment information

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

Electronics and acoustics

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

Automotive wire harness

The Group manufactures and sells automotive wire harness products.

Batteries

GP Batteries manufactures, develops and markets batteries and battery-related products.

Other industrial investments

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

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

29. Segment information (cont'd)

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

a) Operating segments

	Electronics and acoustics S\$'000	Automotive wire harness S\$'000	Batteries S\$'000	Other industrial investments S\$'000	Elimination S\$'000	Total S\$'000
2018						
Revenue						
External revenue	229,936	44,829	824,939	-	-	1,099,704
Inter-segment revenue	19	-	-	-	(19)	-
Total revenue	<u>229,955</u>	<u>44,829</u>	<u>824,939</u>	<u>-</u>	<u>(19)</u>	<u>1,099,704</u>
Results						
Contribution before taxation	<u>9,996</u>	<u>3,969</u>	<u>19,634</u>	<u>14,402</u>	<u>-</u>	<u>48,001</u>
Assets and liabilities						
Assets	227,362	27,358	758,670	147,031	(1,051)	1,159,370
Liabilities	92,485	9,659	421,064	33	(1,051)	522,190
Other information						
Interest income	81	5	1,088	-	-	1,174
Finance costs	1,197	37	8,642	-	-	9,876
Share of results of associates	10,949	-	1,376	17,791	-	30,116
Depreciation and amortisation	5,366	633	20,054	-	-	26,053
Impairment loss on property, plant and equipment	-	-	5,347	-	-	5,347
Interest in associates	49,332	-	48,291	146,966	-	244,589
Additions to property, plant and equipment	5,824	512	75,091	-	-	81,427

29. Segment information (cont'd)

	Electronics and acoustics S\$'000	Automotive wire harness S\$'000	Batteries S\$'000	Other industrial investments S\$'000	Elimination S\$'000	Total S\$'000
2017						
Revenue						
External revenue	229,584	48,201	759,811	-	-	1,037,596
Inter-segment revenue	5	-	31	-	(36)	-
Total revenue	229,589	48,201	759,842	-	(36)	1,037,596
Results						
Contribution before taxation	17,121	4,800	10,179	9,003	-	41,103
Assets and liabilities						
Assets	251,324	29,053	663,083	138,686	(3,829)	1,078,317
Liabilities	81,614	13,118	356,376	532	(3,829)	447,811
Other information						
Interest income	85	4	710	-	-	799
Finance costs	1,106	55	6,761	-	-	7,922
Share of results of associates	11,344	-	6,813	12,763	-	30,920
Depreciation and amortisation	3,902	845	18,486	-	-	23,233
Impairment loss on:						
Property, plant and equipment	-	-	2,105	-	-	2,105
Intangible assets	-	-	-	13	-	13
Interest in associates	55,702	-	52,722	139,301	-	247,725
Additions to:						
Property, plant and equipment	6,542	807	37,933	-	-	45,282
Intangibles	276	-	-	-	-	276

29. Segment information (cont'd)

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

	2018 S\$'000	2017 S\$'000
Results		
Contribution before taxation per reportable segments	48,001	41,103
Unallocated finance costs, net	(7,133)	(5,052)
Taxation	(21,457)	(23,899)
Taxation attributable to non-controlling interests' share of results	3,815	6,508
Profit attributable to equity holders of the Company	23,226	18,660
Assets		
Per reportable segments	1,159,370	1,078,317
Other unallocated assets	9,439	5,907
Per consolidated financial statements	1,168,809	1,084,224
Liabilities		
Per reportable segments	522,190	447,811
Unallocated bank loans and finance lease obligations	178,263	121,825
Other unallocated liabilities	7,999	9,552
Per consolidated financial statements	708,452	579,188
Interest income		
Per reportable segments	1,174	799
Unallocated interest income	82	54
Per consolidated financial statements	1,256	853
Finance costs		
Per reportable segments	9,876	7,922
Unallocated finance costs	7,215	5,106
Per consolidated financial statements	17,091	13,028

29. Segment information (cont'd)

b) Geographical information

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

	2018 S\$'000	2017 S\$'000
Singapore	8,096	7,100
The People's Republic of China ("PRC")	432,317	404,526
Other Asian countries	83,004	87,213
Asia	523,417	498,839
Germany, Netherlands, Russia and United Kingdom	123,778	119,610
Other European countries	155,796	134,760
Europe	279,574	254,370
United States of America	243,184	230,884
Other American countries	36,997	37,807
America	280,181	268,691
Others	16,532	15,696
Revenue	1,099,704	1,037,596

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

	2018 S\$'000	2017 S\$'000
Singapore	435	502
PRC	480,532	457,303
Other Asian countries	51,105	40,949
Europe	21,857	22,899
America and others	319	430
	554,248	522,083

Non-current assets comprise investment properties, property, plant and equipment, interest in associates, deposits and prepayments and intangible assets.

c) No customer individually contributed more than 10% of the Group's revenue for the financial year ended 31 March 2018 and 2017.

30. Related party transactions, commitments and balances

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

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

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

	The Group			
	Associates		Related companies	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Sales	25,680	26,748	56	6
Purchases	(95,648)	(90,005)	-	-
Rental income	362	371	49	51
Royalty income	183	163	-	-
Outsourcing fee	(326)	(365)	-	-
Commission expenses	(17)	(142)	-	-
Rental commitments as lessee under non-cancellable operating leases falling due:				
Within one year	3	3	1,741	1,634
Within two to five years	7	7	452	1,701
Rental commitments as lessor under non-cancellable operating leases falling due:				
Within one year	318	353	50	-
Within two to five years	633	718	33	-
After five years	198	330	-	-

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

	The Group		The Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Associates	4,771	1,255	2,263	1,255
Subsidiaries	-	-	18,948	20,352
	4,771	1,255	21,211	21,607

30. Related party transactions, commitments and balances (cont'd)

The remuneration of key management personnel is as follows:

	The Group	
	2018 S\$'000	2017 S\$'000
Short-term benefits (including directors' fees)	7,900	6,657
Post-employment benefits	295	337
	8,195	6,994

31. New and revised financial reporting standards

Convergence to the International Financial Reporting Standards ("IFRS")

Singapore-incorporated companies listed on the SGX-ST will be required to apply a new Singapore financial reporting framework, the Singapore Financial Reporting Standards (International) ("SFRS(I)"), that is identical to the IFRS for annual periods beginning on or after 1 January 2018. The Group will be adopting the SFRS(I) framework for the first time for financial year ending 31 March 2019.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. Management expects that the adoption of SFRS(I)s will have no material impact on the financial statements in the year of initial application, if the Group elects not to use the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 April 2017. However, if the Group elects to use such optional exemption:

- i) the Group would reclassify cumulative translation deficit of S\$105,471,000 from exchange translation reserve to retained profits as at 1 April 2017; and
- ii) after the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

At the date of authorisation of these financial statements, the following SFRS(I)s, amendments to SFRS(I)s and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to the Group and the Company were issued:

- SFRS(I) 9 *Financial Instruments* ¹
- SFRS(I) 15 *Revenue from Contracts with Customers* ¹
- SFRS(I) 16 *Leases* ²
- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* ³
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration* ¹
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments* ²

¹ Applies to annual periods beginning on or after 1 January 2018.

² Applies to annual periods beginning on or after 1 January 2019.

³ Application has been deferred indefinitely.

31. New and revised financial reporting standards (cont'd)

Management anticipates that the adoption of the above standards that were issued in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) impairment requirements for financial assets and (iii) general hedge accounting.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt instruments and equity investments are measured at fair value through profit or loss ("FVTPL") at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

31. New and revised financial reporting standards (cont'd)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms. Under SFRS(I) 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates the following impact on the initial application of SFRS(I) 9:

(i) Classification and measurement of financial assets

The Group's investment in quoted equity shares carried at fair value (Note 14) qualified for and the Group would opt for designating these investments as measured at FVTOCI under SFRS(I) 9. However, the available-for-sale financial assets reserve surplus of S\$4,642,000 as at 1 April 2018 will no longer be subsequently reclassified to profit or loss under SFRS(I) 9, which is different from the current treatment. This will affect the amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income.

The Group's investment in unquoted equity shares carried at cost less impairment (Note 14) qualified for designation as measured at FVTOCI under SFRS(I) 9 and the Group will measure these investments at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the available-for-sale financial assets reserve.

All other financial assets will continue to be measured on the same bases as are currently measured under FRS 39.

(ii) Impairment

The application of the expected credit loss model of SFRS(I) 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of SFRS(I) 9 by the Group.

Based on the assessment by the management, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 April 2018 would not be materially different as compared to the accumulated amount recognised under FRS 39 mainly attributable to expected credit losses provision on trade and other receivables.

31. New and revised financial reporting standards (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management has performed a detailed analysis of the requirements of the initial application of the new SFRS(I) 15 and has anticipated that the adoption of SFRS(I) 15 will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

SFRS(I) 16 Leases

SFRS(I) 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management anticipates that the initial application of the new SFRS(I) 16 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A lease asset will be recognised on statement of financial position, representing the Group's right to use the leased asset over the lease term and, recognising corresponding liability to make lease payments. Additional disclosures may be made with respect of the Group's exposure to asset risk and credit risk, where the Group is the lessor. Management has commenced an assessment of the possible impact of implementing SFRS(I) 16. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new SFRS(I) 16.

32. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical Judgements in Applying the Group's Accounting Policies

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

Key Sources of Estimation Uncertainty

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

Depreciation of Property, Plant and Equipment

Depreciation is provided to write off the cost or valuation of property, plant and equipment over their useful lives, estimated by management, using the straight-line method. Details of the carrying amount of property, plant and equipment are stated in Note 11.

Impairment of Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss. Details of the carrying amount of property, plant and equipment and intangible assets are stated in Notes 11 and 15 respectively.

Impairment of the Company's Investment in Subsidiaries and Associates

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

32. Critical accounting judgements and key sources of estimation uncertainty (cont'd)*Allowance for Bad and Doubtful Debts*

The policy for allowances for bad and doubtful debts of the Group is based on the evaluation of collectibility and aging analysis of receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate recoverability of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in the impairment of their ability to make payments, additional allowances may be required. Details of the carrying amount of the receivables are stated in Note 17.

Impairment of Goodwill

The Group estimates the value in use of the cash-generating units to which the goodwill is allocated in determining whether goodwill requires any impairment. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Details of the carrying value of goodwill are stated in Note 15.

Allowance for Inventory Obsolescence

The carrying amount of inventories, stated in Note 16, is progressively reduced based on the age and type of inventories. These estimates of realisable values are made by management after taking into account historical and forecast selling prices.

Income Taxes

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

As at 31 March 2018, the carrying amounts of taxation recoverable of the Group is S\$5,779,000 (2017: S\$2,358,000). The carrying amounts of income tax payable of the Group and Company are S\$4,570,000 (2017: S\$5,717,000) and S\$738,000 (2017: S\$767,000) respectively. The carrying amounts of deferred tax assets and deferred tax liabilities are stated in Note 24.

33. Financial instruments, financial risk and capital risk management

a) Categories of financial instruments

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

	The Group		The Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Financial assets				
Available-for-sale financial assets	13,953	6,291	-	-
Fair value through profit or loss	243	-	-	-
Loans and receivables (including cash and bank balances)	374,106	369,681	32,703	52,503
Financial liabilities				
Amortised cost	700,453	569,636	182,387	123,698

b) Financial risk management policies and objectives

The Group's major financial instruments include trade and other receivables, trade and other payables, bank balances and bank and other loans. The Group's holding of available-for-sale financial assets are held for long-term and short-term investment purposes. Details of these financial instruments are disclosed in the respective notes. The Group's financial instruments held for trading are used to manage the Group's exchange rate and raw material price exposures and are not for speculative purposes.

The risks associated with the Group's major financial instruments include credit risk, interest rate risk, foreign currency risk and liquidity risk. The policies on how to manage these risks are set out in this Note 33.

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

c) Credit risk management

The Group manages credit risk by evaluating the counterparties' creditworthiness before any transaction takes place, ongoing credit evaluation of the counterparties' financial position, limiting the aggregate financial exposure to any individual counterparty and requiring counterparties to provide letters of credit or other forms of security, if considered necessary.

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

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

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral or other security obtained.

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

d) Interest rate risk management

The interest rate risk exposure of the Group mainly arises from its interest bearing debts and interest bearing assets, which are substantially bearing interest at floating rates. The Group considers, where appropriate, to use derivative financial instruments to mitigate the financial impact associated with interest rates fluctuations relating to certain forecasted transactions.

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

- i) consolidated interest income for the financial year would increase or decrease by S\$77,000 (2017: S\$93,000).
- ii) consolidated finance costs for the financial year would increase or decrease by S\$2,014,000 (2017: S\$1,584,000).

e) Foreign currency risk management

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

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

	The Group	
	2018 S\$'000	2017 S\$'000
Euro	2,661	5,814
Hong Kong dollar	1,851	(8,161)
Malaysian Ringgit	(8,603)	(7,061)
Renminbi	(30,236)	(11,395)
Singapore dollar	(8,648)	(9,182)
United States dollar	(66,432)	(49,904)

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

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

	The Company	
	2018 S\$'000	2017 S\$'000
Hong Kong dollar	15,913	15,570
United States dollar	(11,055)	(9,073)

If the respective functional currency of the Company and its subsidiaries strengthens or weakens by 5% (2017: 5%) against the following major relevant foreign currencies with all other variables held constant, the Group would record additional exchange gain (loss) as follows:

	The Group			
	Strengthen S\$'000	2018 Weaken S\$'000	Strengthen S\$'000	2017 Weaken S\$'000
Euro	(142)	142	(293)	293
Hong Kong dollar	(51)	131	444	(366)
Malaysian Ringgit	430	(430)	353	(353)
Renminbi	1,512	(1,512)	568	(568)
Singapore dollar	432	(432)	459	(459)
United States dollar	3,279	(3,279)	2,495	(2,495)

If the functional currency of the Company strengthens or weakens by 5% (2017: 5%) against the following major relevant foreign currencies with all other variables held constant, the Company would record additional exchange gain (loss) as follows:

	The Company			
	Strengthen S\$'000	2018 Weaken S\$'000	Strengthen S\$'000	2017 Weaken S\$'000
Hong Kong dollar	(758)	838	(741)	819
United States dollar	553	(553)	454	(454)

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

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

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

f) Liquidity risk management

The Group finances its operations by a combination of borrowings and equity. Adequate lines of credit are maintained to ensure the necessary liquidity is available when required. The Company may be in a net current liabilities position from time to time but funds will be available from its subsidiaries when required.

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

	The Group				Total S\$'000
	Weighted average effective interest rate %	On demand or within 1 year S\$'000	Within 2 to 5 years S\$'000	Adjustments S\$'000	
2018					
Non-interest bearing		263,987	-	-	263,987
Finance lease obligations					
(fixed rate)	3.0	55	72	(24)	103
Variable interest rate					
instruments	3.9	296,968	138,196	(18,693)	416,471
Fixed interest rate					
instruments	5.0	20,091	-	(199)	19,892
		<u>581,101</u>	<u>138,268</u>	<u>(18,916)</u>	700,453
2017					
Non-interest bearing		233,811	-	-	233,811
Finance lease obligations					
(fixed rate)	3.8	192	106	(117)	181
Variable interest rate					
instruments	3.5	205,093	146,638	(16,087)	335,644
Financial guarantee					
contracts		209	-	(209)	-
		<u>439,305</u>	<u>146,744</u>	<u>(16,413)</u>	569,636

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

	The Company				Total S\$'000
	Weighted average effective interest rate %	On demand or within 1 year S\$'000	Within 2 to 5 years S\$'000	Adjustments S\$'000	
2018					
Non-interest bearing		4,124	-	-	4,124
Variable interest rate					
instruments	4.1	78,461	109,080	(9,278)	178,263
Financial guarantee					
contracts		72,897	-	(72,897)	-
		155,482	109,080	(82,175)	182,387
2017					
Non-interest bearing		1,873	-	-	1,873
Variable interest rate					
instruments	3.9	30,571	100,531	(9,277)	121,825
Financial guarantee					
contracts		38,533	-	(38,533)	-
		70,977	100,531	(47,810)	123,698

Liabilities pertaining to financial guarantee contracts are the Company's contingent liabilities arising from guarantees given to banks (Note 28).

g) Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 22 and 23, and equity attributable to the equity holders of the Company.

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

The Group's overall strategy remains unchanged from the financial year ended 31 March 2017. The Group and the Company were in compliance with externally imposed capital requirements which include PRC legal requirement to set aside a legal reserve and financial covenants to maintain certain financial ratios required by certain financial institutions for the facilities granted as at 31 March 2018 and 2017.

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

h) Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities approximate their respective carrying amounts recorded in the financial statements, determined in accordance with the accounting policies disclosed in Note 2 except for available-for-sale financial assets carried at cost less impairment.

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

	The Group			Total S\$'000
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	
2018				
<u>Financial assets</u>				
Available-for-sale financial assets	6,511	-	-	6,511
Derivative financial instruments	-	243	-	243
	6,511	243	-	6,754
2017				
<u>Financial assets</u>				
Available-for-sale financial assets	2,770	-	-	2,770

There were no transfers between the different level of fair value hierarchy during the financial year ended 31 March 2018 and 2017.

As at 31 March 2018, the Group's available-for-sale financial assets comprising investment in unquoted equity shares with a total net carrying value of S\$3,272,000 (2017: S\$3,521,000) were measured at cost less impairment. The fair values of these available-for-sale financial assets cannot be determined reliably as the variability in the range of reasonable fair value estimates derived from valuation techniques can vary significantly.

Impairment losses on available-for-sale financial assets are recognised when there is a significant or prolonged decline in the fair value of such investments below their cost.

34. Subsidiaries

Significant subsidiaries of the Group are as follows:

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held	
			2018 %	2017 %
<u>Electronics and acoustics segment</u>				
Faith Capital Investment Limited ^(b)	Hong Kong	Investment holding	100	100
Famingo Pte Ltd ^(a)	Singapore	Investment holding	100	100
Fancy Luck Investment Limited ^{(1) (b)}	Hong Kong	Investment holding	100	100
Giant Fair Investment Limited ^{(1) (b)}	Hong Kong	Investment holding	100	100
GP Acoustics GmbH ^{(1) (c)}	Germany	Marketing and distribution of acoustic and electronic products	100	100
GP Acoustics (HK) Limited ^{(1) (b)}	Hong Kong	Marketing, retailing and distribution of acoustic and electronic products	100	100
GP Acoustics International Limited ^{(1) (b)}	Hong Kong	Investment holding, design, marketing and distribution of acoustic and electronic products	100	100
GP Acoustics Limited ⁽³⁾	British Virgin Islands	Investment holding	100	100
GP Acoustics (Middle East) DWC-LLC ^{(1) (3)}	United Arab Emirates	Marketing and distribution of acoustic and electronic products	100	100
GP Acoustics (Singapore) Pte Limited ^(a)	Singapore	Marketing and retailing of acoustic and electronic products	100	100
GP Acoustics (Taiwan) Limited ^{(1) (b)}	Taiwan	Marketing and distribution of acoustic and electronic products	100	100
GP Acoustics (UK) Limited ^{(1) (b)}	England and Wales	Investment holding, design, marketing and distribution of acoustic and electronic products	100	100
GP Acoustics (US), Inc. ^{(1) (c)}	United States of America	Marketing and distribution of acoustic and electronic products	100	100
GP Electronics (China) Limited ^(b)	Hong Kong	Investment holding	100	100
GP Electronics (HK) Limited ^(b)	Hong Kong	Marketing and trading of audio products	100	100

34. Subsidiaries (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held	
			2018 %	2017 %
GP Electronics (Huizhou) Co., Ltd. ^{(2) (d)}	The People's Republic of China	Manufacturing of acoustic and electronic products	100	95.00
金柏電子有限公司 ^{(1) (2) (4) (f)}	The People's Republic of China	Marketing and distribution of acoustic and electronic products	100	100
GP Electronics (SZ) Limited ^{(2) (f)}	The People's Republic of China	Development of electronic products	100	100
GP Global Marketing Corporation ⁽³⁾	Cayman Islands	Holding of trademarks	100	100
GP Global Marketing Limited ^{(1) (b)}	Hong Kong	Marketing	100	100
GPE International Limited ^(b)	Hong Kong	Investment holding	100	100
KEF Celestion Corporation ⁽³⁾	Cayman Islands	Holding of trademarks	100	100
KEF Japan, Inc. ^{(1) (3)}	Japan	Trading of acoustics products	90.00	90.00
Key Win Industrial Limited ^(b)	Hong Kong	Investment holding	100	100
Nike Enterprises Limited ^(b)	Hong Kong	Investment holding	100	100
<u>Automotive wire harness segment</u>				
GP Industries Marketing Limited ^(b)	Hong Kong	Marketing and trading of quality parts and components and hygienic and health care products	100	100
Huizhou GP Wiring Technology Ltd. ^{(2) (e)}	The People's Republic of China	Manufacturing of automotive wire harness, transformers and switching mode power supply	100	100
<u>Other industrial investments segment</u>				
Bowden Industries Limited ^{(1) (b)}	Hong Kong	Investment holding	100	100
CIH Limited ^(a)	Singapore	Investment holding	100	100
Dragon Star Enterprises Limited ^{(1) (3)}	British Virgin Islands	Investment holding	100	100

34. Subsidiaries (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held	
			2018 %	2017 %
Pinberry Investments Limited ^{(1) (7)}	British Virgin Islands	Investment holding	-	100
<u>Batteries segment</u> ⁽⁵⁾				
GP Batteries International Limited ⁽⁶⁾	Singapore	Manufacture, development and marketing of batteries and battery-related products	100	64.88
Dongguan Chao Ba Batteries Co Ltd	The People's Republic of China	Manufacturing of batteries	100	64.88
GP Batteries (Americas) Inc	United States of America	Marketing and trading in batteries	100	64.88
GP Batteries (China) Limited	The People's Republic of China	Manufacturing of batteries	100	64.88
GP Batteries (Malaysia) Sdn Bhd	Malaysia	Manufacturing of batteries	100	64.88
GP Batteries (Shenzhen) Co., Ltd	The People's Republic of China	Manufacturing of batteries	100	64.88
GP Battery Marketing (Malaysia) Sdn Bhd	Malaysia	Marketing and trading in batteries	100	64.88
GP Battery Marketing (Singapore) Pte Ltd	Singapore	Marketing and trading in batteries	100	64.88
GP Battery (Poland) Sp. z o.o.	Poland	Marketing and trading in batteries	100	64.88
GP Battery Technology (HK) Limited	Hong Kong	Investment holding	100	64.88
GPI International Limited	Hong Kong	Marketing and trading in batteries	100	64.88
Huizhou Chao Ba Batteries Co Ltd	The People's Republic of China	Marketing and trading in batteries	90.00	58.39
Huizhou Modern Battery Limited	The People's Republic of China	Manufacturing of batteries	100	64.88
Ningbo Fubang Battery Co Ltd	The People's Republic of China	Manufacturing of batteries	72.00	46.71
Ningbo GP Energy Co., Ltd	The People's Republic of China	Manufacturing of batteries	90.00	58.39

34. Subsidiaries (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held	
			2018 %	2017 %
Sylva Industries (China) Limited	Hong Kong	Investment holding	100	64.88
Sylva Industries Limited	Hong Kong	Investment holding	100	64.88
Whitehill Electrochemical Company Limited	Hong Kong	Investment holding and provision of logistic support	100	64.88
Zhongyin (Ningbo) Battery Co. Ltd	The People's Republic of China	Manufacturing of batteries	70.00	45.42

Note:

- (1) Equity interest is held by subsidiaries of the Company.
- (2) These subsidiaries, in compliance with their local statutory requirement, adopt 31 December as their financial year end. Such financial year end is not co-terminous with that of the Company. Adjustments are made for the effect of any significant transactions that occur between 1 January and 31 March. A member firm of Deloitte Touche Tohmatsu Limited has audited the financial statements of these subsidiaries for the purposes of the Group's consolidated financial statements for the financial year ended and as at 31 March 2018 ("2018 Consolidated Financial Statements").
- (3) The financial statements of these subsidiaries are not audited as there are no statutory audit requirements in their countries of incorporation. The financial statements of these subsidiaries, with the exception of Dragon Star Enterprises Limited, GP Acoustics (Middle East) DWC-LLC and KEF Japan, Inc., have been audited by Deloitte & Touche LLP, Singapore or a member firm of Deloitte Touche Tohmatsu Limited for the purposes of the 2018 Consolidated Financial Statements.
- (4) For identification purpose, the translated name for this subsidiary is "GP Acoustics (China) Limited".
- (5) Other than GP Batteries which is a directly held subsidiary of the Company, equity interest in other subsidiaries of the batteries segment is held by GP Batteries or its subsidiaries.
- (6) The consolidated financial statements of GP Batteries are audited by Deloitte & Touche LLP, Singapore.
- (7) Disposed during the financial year.
- (a) Audited by Deloitte & Touche LLP, Singapore, which are the auditors of all Singapore incorporated subsidiaries.
- (b) Audited by member firms of Deloitte Touche Tohmatsu Limited.
- (c) Subsidiary of GP Acoustics (UK) Limited. The consolidated financial statements of GP Acoustics (UK) Limited are audited by a member firm of Deloitte Touche Tohmatsu Limited.
- (d) Local statutory audit performed by HuizhouShuLunPan Yangcheng C.P.A. Partnership.
- (e) Local statutory audit performed by Guangdong Chengxinde Certified Public Accountants (general partnership).
- (f) Local statutory audit performed by Shenzhen ZhengFengLiFu Certified Public Accountants.

35. Associates

Significant associates of the Group are as follows:

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held	
			2018 %	2017 %
<u>Electronics and acoustics segment</u>				
Dongguan Jifu Metallic Products Ltd. ^{(1) (2)}	The People's Republic of China	Manufacturing of metallic products	30.00	30.00
Julong Technology Limited ^{(1) (b)}	British Virgin Islands	Investment holding	30.00	30.00
Shinwa Industries (China) Ltd. ^{(1) (4)}	The People's Republic of China	Manufacturing of electronic components	10.50	10.50
Shinwa Industries (Hangzhou) Limited ^{(1) (4)}	The People's Republic of China	Manufacturing of electronic components	10.50	10.50
Shinwa Industries (H.K.) Limited ^{(6) (b)}	Hong Kong	Trading of electronic components	15.00	15.00
Wisefull Technology Limited ^{(1) (b)}	Hong Kong	Investment holding and trading of metallic products	30.00	30.00
Youjia Technology Limited ^{(1) (b)}	British Virgin Islands	Investment holding	30.00	30.00
Yousheng Technology Limited ^{(1) (8) (b)}	Hong Kong	Trading of metallic products	30.00	30.00
<u>Other industrial investments segment</u>				
Linkz, Inc. ^{(1) (3)}	United States of America	Trading of electronic cables and wires and cable assemblies	38.13	38.13
Linkz Industries Limited ^(a)	Hong Kong	Investment holding	38.13	38.13
Linkz Industries (Shanghai) Ltd. ^{(1) (3)}	The People's Republic of China	Manufacturing of cables	36.22	36.22
Linkz Industries (Suzhou) Limited ^{(1) (3)}	The People's Republic of China	Manufacturing of local area network cables	38.13	38.13
Linkz International Limited ^{(1) (3)}	Hong Kong	Trading of electronic cables and wires and cable assemblies	38.13	38.13
Meiloon Industrial Co., Ltd. ^{(1) (5)}	Taiwan	Development, manufacturing and marketing of acoustic and audio-visual equipment	20.27	20.27
Time Interconnect Holdings Limited ^{(1) (3) (9)}	British Virgin Islands	Investment holding	38.13	-

35. Associates (cont'd)

Name of company	Place of incorporation and business	Principal activities	Effective percentage of equity and voting power held	
			2018 %	2017 %
Time Interconnect Investment Limited ^{(1) (3) (9)}	British Virgin Islands	Investment holding	24.35	-
Time Interconnect Technology Limited ^{(1) (3) (9) (10)}	Cayman Islands	Investment holding	24.35	-
<u>Batteries segment</u> ^{(7) (c)}				
AZ Limited	Russia	Marketing and trading in batteries	40.00	25.95
Changzhou Lithium Batteries Ltd	The People's Republic of China	Manufacturing of batteries	40.00	25.95
Gold Yi Industry Company Limited	The People's Republic of China	Marketing and trading in batteries	30.00	19.46
GP Battery Marketing (Germany) GmbH	Germany	Marketing and trading in batteries	50.00	32.44
GP Battery Marketing (Middle East) Limited (FZC)	United Arab Emirates	Marketing and trading in batteries	50.00	32.44
GP Battery Marketing (Thailand) Co Ltd	Thailand	Marketing and trading in batteries	49.00	31.79
GWA Energy, Inc	Taiwan	Marketing and trading in batteries	41.00	26.60
Hanoi Battery Joint Stock Company	Vietnam	Manufacturing of batteries	30.00	19.46
Lichton International Limited	Hong Kong	Marketing and trading in lighting products	33.33	21.62
Ningbo Fengyin Battery Co., Ltd	The People's Republic of China	Marketing and trading of battery materials	32.00	20.76
STL Technology Co., Ltd	Taiwan	Manufacturing of battery packs and products	34.08	22.36
STL Technology (SIP) Co., Ltd	The People's Republic of China	Manufacturing of battery packs and products	34.08	22.36
T.G. Battery Co (China) Ltd	The People's Republic of China	Manufacturing of batteries	42.50	27.57
T.G. Battery Co (Hong Kong) Limited	Hong Kong	Investment holding and provision of logistic support	50.00	32.44

35. Associates (cont'd)

Note:

- (1) Equity interest is held by subsidiaries or associates of the Company.
- (2) Subsidiary of Wisefull Technology Limited.
- (3) Subsidiary of Linkz.
- (4) Subsidiary of Shinwa Industries (H.K.) Limited.
- (5) Meiloon is listed on the Taiwan Stock Exchange Corporation. The consolidated financial statements of Meiloon are audited by PKF Taiwan. Meiloon has been equity accounted for in the consolidated financial statements based on results ended 31 December, the financial year end of Meiloon.
- (6) The Group has significant influence in Shinwa Industries (H.K.) Limited ("Shinwa") through the Company's representation on Shinwa's board of directors.
- (7) Equity interest is held by GP Batteries, its subsidiaries or associates.
- (8) Subsidiary of Youjia Technology Limited.
- (9) Incorporated during the financial year.
- (10) Listed on The Stock Exchange of Hong Kong Limited during the financial year ended 31 March 2018.
- (a) Audited by a member firm of Deloitte Touche Tohmatsu Limited.
- (b) These associates adopt a different financial year end from that of the Group. For the purposes of applying the equity method of accounting, the financial statements of these associates for the twelve months period ended 31 March have been used. The local statutory consolidated financial statements of Shinwa Industries (H.K.) Limited and Wisefull Technology Limited are audited by a member firm of Deloitte Touche Tohmatsu Limited and Au Choi Yuen & Co., respectively. The financial statements of Julong Technology Limited and Youjia Technology Limited are not audited as there are no statutory audit requirements in their countries of incorporation. The local statutory financial statements of Yousheng Technology Limited are audited by Au Choi Yuen & Co.
- (c) The consolidated financial statements of GP Batteries are audited by Deloitte & Touche LLP, Singapore.

36. Assets classified as held for sale

	The Group	
	2018	2017
	S\$'000	S\$'000
Reclassified from investment property	1,748	-
Reclassified from property, plant and equipment	7,578	1,057
	9,326	1,057

During the financial year, the Group entered into the following sale and purchase agreements to dispose of:

- i) two properties for a consideration of RMB81 million (approximately S\$17 million) and RMB40 million (approximately S\$8 million); and
- ii) a property for a consideration of NTD260 million (approximately S\$12 million).

36. Assets classified as held for sale (cont'd)

During the financial year ended 31 March 2017, the Group entered into a sale and purchase agreement to dispose of a property for a consideration of RMB105 million (approximately S\$21 million). The disposal was completed during the financial year.

37. Changes in ownership interest in subsidiaries

- a) Changes in ownership interest in subsidiaries that did not result in a loss of control:

During the financial year,

- i) the Company increased its shareholding in GP Batteries from approximately 64.88% as at 1 April 2017 to 100% as at 31 December 2017, pursuant to the Offer.
- ii) the Company acquired the remaining 5% non-controlling interests in GP Electronics (Huizhou) Co., Ltd.

During the financial year ended 31 March 2017,

- i) the Company acquired 305,600 issued ordinary shares in GP Batteries shares by way of open market purchases from the Mainboard of SGX-ST for an aggregate consideration of S\$248,000; and
- ii) GP Batteries purchased 5,000 of its own issued ordinary shares by way of open market purchases from the Mainboard of SGX-ST.

As a result, the Group's shareholding in GP Batteries increased from 64.68% as at 1 April 2016 to 64.88% as at 31 March 2017.

The difference between the amount by which the non-controlling interests were adjusted and the consideration paid or received was recognised to equity.

37. Changes in ownership interest in subsidiaries (cont'd)

b) Acquisition of subsidiaries:

Effective 1 April 2016, the Group acquired a 90% equity interest in KEF Japan, Inc. ("KEF Japan") for a cash consideration of S\$555,000. The principal activities of KEF Japan is trading of acoustics products. The contribution from KEF Japan to the Group's revenue and profit after tax was not significant for the period from the date of acquisition to 31 March 2017.

	The Group 2017 S\$'000
Assets acquired and liabilities assumed at the date of acquisition:	
Inventories	910
Receivables and prepayments	262
Bank balances, deposit and cash	832
Trade and other payables	(1,177)
Income tax payable	(58)
Net identifiable assets acquired	769
Non-controlling interests	(76)
Adjustment to exchange translation reserve	1
Gain on bargain purchase of subsidiary	(139)
Cash consideration	555
Effect on acquisition of subsidiary on cash flows:	
Cash consideration	555
Deposits for investment in subsidiary paid during the financial year ended 31 March 2016	(555)
Bank balances, deposits and cash of subsidiary acquired	832
Net cash inflow on acquisition	832

c) Changes in ownership interest in subsidiaries that resulted in a loss of control:

During the financial year, the Group disposed / de-registered certain subsidiaries and recognised a loss on disposal / de-registration of subsidiaries of S\$696,000 in other operating expenses (Note 5), comprising cumulative exchange translation deficit.

During the financial year ended 31 March 2017, the Group de-registered certain inactive subsidiaries and recognised a gain on de-registration of subsidiaries of S\$763,000 in other operating income (Note 4), comprising cumulative exchange translation surplus.

38. Subsequent events

Subsequent to 31 March 2018, Zhongyin (Ningbo) Battery Co. Ltd, a 70%-owned subsidiary, entered into a conditional agreement to dispose of certain land and buildings located in Ningbo, PRC at a cash consideration of RMB144 million (approximately S\$30 million) to an independent third party.

Corporate Governance Statement

31 March 2018

This Statement describes how GP Industries Limited (the “Company”) applied the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”) to its corporate governance processes and activities with specific reference to the Code and any deviations from the Code are explained.

Board Matters

The Board’s Conduct of Affairs

The principal functions of the Board of Directors of the Company (the “Board”) are:

- (i) supervising the overall management of the business and affairs of the Company and its subsidiaries (collectively the “Group”);
- (ii) approving the Group’s strategic plans, significant investment and divestment proposals and funding decisions;
- (iii) reviewing the Group’s financial performance and key operational initiatives;
- (iv) implementing risk management policies and practices;
- (v) review and decide nominations recommended by the Nominating Committee;
- (vi) reviewing and endorsing the recommended framework of remuneration for the Board and Key Management Personnel by the Remuneration Committee; and
- (vii) assuming responsibility for corporate governance.

The Board conducts regular meetings on a quarterly basis and ad hoc meetings as and when required. Article 100(2) of the Company’s Constitution allows Board meetings to be conducted by way of telephone or video conferencing or by other audio or audio-visual communications equipment. The attendance of the Directors of the Company (the “Directors”) at meetings of the Board and Board Committees (as described below), as well as the frequency of such meetings, are disclosed in this Statement. The Company, however, believes that the contributions of the Directors can be reflected in means other than by the attendance at such meetings. A Director is appointed on the strength of his / her calibre, experience and his / her potential to contribute to the proper guidance of the Company and its businesses in forms such as management’s access to him / her for guidance or exchange of views outside the formal environment of Board meetings and also his / her ability to bring relations which are strategic to the interests of the Group.

The Board has delegated specific responsibilities to the following Board Committees (the “Board Committees”):

- (i) Audit and Risk Committee (“ARC”);
- (ii) Nominating Committee (“NC”); and
- (iii) Remuneration Committee (“RC”).

Further information on the Board Committees, including their respective composition and terms of reference are set out in this Statement.

During the financial year ended 31 March 2018, Mr Lim Jiew Keng and Mr Goh Boon Seong were appointed as Independent Non-Executive Directors with effect from 1 January 2018. On 1 June 2018, it was announced that Mr Andrew Chuang Siu Leung would retire as an Executive Director and Chief Risk Officer of the Company with effect from 1 July 2018.

The number of Board and Board Committees meetings held in the financial year ended 31 March 2018 and the attendance of Directors at these meetings are as follows:

Board composition and Committees	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Victor Lo Chung Wing	5	4	NA	NA	2	2	NA	NA
Leung Pak Chuen	5	5	NA	NA	2	2	NA	NA
Brian Li Yiu Cheung	5	5	NA	NA	NA	NA	NA	NA
Andrew Chuang Siu Leung	5	5	NA	NA	NA	NA	NA	NA
Wong Man Kit	5	5	NA	NA	NA	NA	NA	NA
Lam Hin Lap	5	5	NA	NA	NA	NA	NA	NA
Lim Ah Doo	5	5	4	4	2	2	1	1
Lim Hock Beng	5	5	4	4	2	2	1	1
Allan Choy Kam Wing	5	5	4	4	2	2	1	1
Lim Jiew Keng	1 ⁽¹⁾	1	NA	NA	-(1)	-	-(1)	-
Goh Boon Seong	1 ⁽¹⁾	1	NA	NA	-(1)	-	-(1)	-

Note:

⁽¹⁾ The number of meetings held refers to the number of meetings held during the respective period in which Mr Lim Jiew Keng and Mr Goh Boon Seong was a Director.

NA – not applicable

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

In addition to the Board Committees, the Board has also delegated some of its authority to the Executive Committee, which comprises the Executive Directors, and Management. The Group's Risk Governance and Internal Control Manual set out, *inter alia*, the Group's approval guidelines, which describe the principles when delegating the authority to the Executive Committee and Management. Matters that are specifically reserved for the Board's decision include material acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividend payment to shareholders, and other transactions of a material nature requiring announcement under the rules of the Listing Manual (the "Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company provides new Directors with orientation programmes to familiarise them with the business of the Group and governance practices. Such orientation programmes includes visiting the Group's principal factories and meeting with the management team of the Group's various business units. Mr Lim Jiew Keng and Mr Goh Boon Seong, who were appointed Independent Non-Executive Directors during the financial year, are knowledgeable about the Group's businesses and operations, the Singapore Companies Act, Chapter 50, the Rules of SGX-ST and the roles and responsibilities of a director of a listed company. Mr Lim Jiew Keng and Mr Goh Boon Seong were Independent Non-Executive Directors of GP Batteries International Limited ("GP Batteries"), a subsidiary of the Company that was listed on SGX-ST until December 2017. GP Batteries became a wholly-owned subsidiary of the Company as a result of a voluntary cash offer by the Company (the "Offer") and the subsequent compulsory acquisition, and was delisted from SGX-ST on 27 December 2017. The Company also provided resources for Mr Lim Jiew Keng and Mr Goh Boon Seong to familiarise themselves with other business segments of the Group, as well as with the proceedings of other Board Committees by attending a meeting of the ARC by invitation.

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

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

Board Composition and Guidance

As at the date of this report, the Board consists of eleven Directors, of whom five are Independent (as defined in the Code) Non-Executive Directors. Following the retirement of Mr Andrew Chuang Siu Leung as an Executive Director effective from 1 July 2018, the Board would comprise ten Directors, of whom five, or half of the Board, would be Independent Non-Executive Directors. Accordingly, with effect from 1 July 2018, the Board composition will comply with the requirement for Independent Non-Executive Directors to make up at least half of the Board specified under Guideline 2.2 of the Code.

The NC is of the view that the current Board comprises persons who, as a group, provides core competencies necessary to meet the Company's objectives.

All Directors are required to disclose any relationships or appointments which may impair their independence to the Board on a timely basis. The Board, based on the evaluation performed by the NC, is of the view that all Independent Non-Executive Directors of the Company are independent.

The Chairman and the Chief Executive Officer ("CEO") is the same individual. The Chairman and CEO is responsible for the overall operations of the Group as well as ensuring that the principles of the Code are adhered to. The Board is of the view that this arrangement does not impair the effectiveness of decision making as the Independent Non-Executive Directors exercise objective judgement on corporate affairs independently.

As at the date of this Statement, both Mr Lim Ah Doo and Mr Lim Hock Beng have served on the Board as Independent Non-Executive Directors for more than nine years from the date of their respective first appointment. The Board concurred with the NC's view that both Mr Lim Ah Doo and Mr Lim Hock Beng, who have served on the Board for more than nine years, remain independent in their exercise of judgement and objectivity in Board matters despite their length of service. In reviewing their independence, the Board and the NC have determined that both Mr Lim Ah Doo and Mr Lim Hock Beng have continued to demonstrate the essential characteristics of independence expected by the Board by exercising independent judgment in the Group's best interests in the discharge of their duties. The independence of character and judgment of each of Mr Lim Ah Doo and Mr Lim Hock Beng was not in any way affected or impaired by their length of service. There are also no relationships or circumstances which would likely to affect, or could appear to affect, their judgments.

The Board has reviewed its composition of Directors and is satisfied that such composition is appropriate for the nature and scope of the Group's operations and facilitates effective decision making. The Board will constantly examine its size with a view to determining its impact upon its effectiveness.

The Independent Non-Executive Directors review the Group's performance against its business objectives and provide their views thereon. The Independent Non-Executive Directors also actively participate in deliberation of matters tabled for the Board's decision and engage in constructive dialogue (either as a non-executive group or with Management) in order to proactively provide independent advice.

The Independent Non-Executive Directors meet amongst themselves at least once in a year without the presence of Management.

Chairman and Chief Executive Officer

Mr Victor Lo Chung Wing is the Chairman and CEO of the Company. The Chairman and CEO remains involved in significant corporate matters, especially those of strategic nature.

As the Chairman, Mr Victor Lo Chung Wing is responsible for the effective function of the Board and exercise control over the quality, quantity and timeliness of the flow of information between Management and the Board, these include:

- (i) ensuring the Board's effectiveness through his leadership;
- (ii) ensuring that Board meetings are held when necessary and to approve the meeting agenda;
- (iii) providing oversight on accurate and clear information contained in the Board papers circulated to the Board members;
- (iv) allowing sufficient time for the discussion of the agenda items;
- (v) monitoring communications and relations within the Board and between the Board and Management to facilitate constructive dialogue;
- (vi) facilitating effective contribution of the Independent Non-Executive Directors; and
- (vii) ensuring compliance with the guidelines set out in the Code.

As the CEO, Mr Victor Lo Chung Wing is responsible for the Group's overall management, including overseeing the Group's operation, setting directions for new growth areas and developing business strategies. He played an instrumental role in developing the business of the Group and has provided the Group with strong leadership and vision. It is hence the view of the Board that it is currently in the best interests of the Group to adopt a single leadership structure.

The role of the Chairman and CEO should principally be separated to maintain an appropriate balance of power, increased accountability and to facilitate independent decision making by the Board. However, the Board is of the view that the present arrangement does not impair the effectiveness of independent decision making by the Board in view of the following compensating factors:

- (i) the Independent Non-Executive Directors, which comprised at least one third of the Board during the financial year ended 31 March 2018 and would comprise half of the Board with effect from 1 July 2018, provide an independent and objective element to the Board; and
- (ii) the Board Committees, namely ARC, NC and RC, comprises primarily Independent Non-Executive Directors.

The Board believes that there are sufficient safeguards against an uneven concentration of power and authority in a single individual, and that the existing single leadership arrangement is effective. There is sufficiently independent representation in the Board Committees which provide an independent and objective element to the Group and strategic level decision making. The Board continues to review the role of the Chairman and CEO as well as the composition (including the independence) of the Board to ensure that it does not impede the principles of independence and objectivity in decision making.

Mr Lim Ah Doo has been appointed as the Lead Independent Director since 14 August 2013. As Lead Independent Director, Mr Lim Ah Doo is the contact person for shareholders when the shareholders have concerns and for which contact through the normal channels of the Chairman and CEO, the Executive Vice Chairman, the Executive Vice President or the Chief Financial Officer ("CFO") has failed to resolve or is inappropriate. In addition, Mr Lim Ah Doo would lead the periodic meetings of the Independent Non-Executive Directors and provide feedback to the Chairman and CEO after such meetings.

Board Membership

The NC currently comprises seven Directors, five of whom, including the Chairman of the NC, are Independent Non-Executive Directors. The Lead Independent Director, Mr Lim Ah Doo, is a member of the NC. The composition of the NC is as follows:

Mr Lim Hock Beng (Chairman)
 Mr Lim Ah Doo (Member)
 Mr Victor Lo Chung Wing (Member)
 Mr Leung Pak Chuen (Member)
 Mr Allan Choy Kam Wing (Member)
 Mr Lim Jiew Keng (Member)
 Mr Goh Boon Seong (Member)

The NC is guided by its terms of reference that set out its responsibilities, which includes consideration of salient factors for the purposes of Directors' re-nomination and determination of independence.

The duties and responsibilities of the NC are to:

- (i) review, assess and make recommendations to the Board on the appointment of Directors, including making recommendations to the composition of the Board generally;
- (ii) regularly review the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and core competencies of the Directors as a group and make recommendations to the Board with regards to any adjustments that may be deemed necessary;
- (iii) determine on an annual basis and as and when circumstances arise, if a Director is independent bearing in mind the circumstances set forth in the Code and other salient factors. If the NC determines that a Director, who has one or more of the relationships mentioned in the Code or who has served on the Board beyond nine years, can be considered independent. Conversely, the NC has the discretion to consider that a Director is not independent even if the said Director does not fall under the circumstances set forth in the Code. In either case, the NC shall provide its views to the Board for the Board's consideration;

- (iv) review, assess and recommend nominee(s) or candidate(s) for re-appointment or re-election to the Board and to consider his / her competencies, commitment, contribution, performance and whether or not he / she is independent;
- (v) recommend Directors who are retiring by rotation to be put forward for re-election. All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- (vi) assess the effectiveness of the Board as a whole and the Board Committees, and the contribution by each individual Director to the effectiveness of the Board. The NC shall recommend to the Board the development of a process for evaluation and decide how the performance of the Board, Board Committees and individual Directors may be evaluated and proposed objective performance criteria. The NC Chairman should act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors, in consultation with the NC;
- (vii) decide whether or not a Director is able to and has been adequately carrying out his / her duties as a Director, particularly when he / she has multiple board representations, and / or other principal commitments;
- (viii) recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold;
- (ix) make plans for succession, in particular for the Chairman and CEO; and
- (x) recommend to the Board the training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks.

The NC is also responsible for determining annually, the independence of Directors. In doing so, the NC takes into account the criteria set forth in the Code and any other salient factors. Following its review, the NC has endorsed the independence status of the five Independent Non-Executive Directors, Mr Lim Ah Doo, Mr Lim Hock Beng, Mr Allan Choy Kam Wing, Mr Lim Jiew Keng and Mr Goh Boon Seong. The Independent Non-Executive Directors had also confirmed their independence in accordance with the Code.

The NC has determined that the Directors have been adequately discharging their duties as Directors notwithstanding some of the Directors have multiple listed company board representations. The Company does not have a formal guideline on the maximum number of listed company board representations which any Director may hold, as the NC and the Board consider such a number may not fairly reflect whether a Director can timely and diligently attend to the Company's matters and discharge his / her duties as a Director.

In addition to the information regarding the Directors provided under the "Board of Directors and Senior Management" section of the Annual Report, other information on each Director's qualifications, directorships and other principal commitments as at 20 June 2018 is as follows:

Name of Director	Victor Lo Chung Wing	Leung Pak Chuen	Brian Li Yiu Cheung
Role	Chairman and CEO Executive Director	Executive Vice Chairman Executive Director	Executive Vice President Executive Director
Academic and professional qualifications	Mr Lo graduated from Institute of Design of Illinois Institute of Technology, US with a Bachelor of Science degree in Product Design. He also holds an Honorary Doctorate from The Hong Kong Polytechnic University.	Mr Leung is a member of The Chartered Institute of Marketing, UK and The International Institute of Management. He graduated from Chu Hai College, Hong Kong with a Bachelor's degree in Business Administration.	Dr Li is a fellow of The Hong Kong Institution of Engineers. He holds a Bachelor's degree in Electrical Engineering from The University of British Columbia, Canada, a Master's degree in Global Business with Dean's Honour from The Chinese University of Hong Kong and a Doctor of Business Administration degree from City University of Hong Kong.
Board Committee(s) served on	Nominating Committee <i>Member</i>	Nominating Committee <i>Member</i>	None
Date of first appointment as a Director	18 October 1995	18 October 1995	18 October 1995
Date of last re-election as a Director	28 July 2017	28 July 2017	29 July 2016
Present directorships in other listed companies	Gold Peak Industries (Holdings) Limited <i>Chairman and Chief Executive</i>	Gold Peak Industries (Holdings) Limited <i>Deputy Chief Executive and Executive Director</i> Meiloon Industrial Co., Ltd. <i>Authorised representative of a director (Famingo Pte Ltd)</i>	Gold Peak Industries (Holdings) Limited <i>Executive Director</i>
Past directorships in other listed companies over the preceding three years	GP Batteries International Limited <i>Chairman and Chief Executive Officer</i> ⁽¹⁾	GP Batteries International Limited <i>Executive Director</i> ⁽²⁾	None

Name of Director	Victor Lo Chung Wing	Leung Pak Chuen	Brian Li Yiu Cheung
Other principal commitments	Hong Kong Design Centre <i>Director</i> West Kowloon Cultural District Authority of Hong Kong SAR Government <i>Member of the Board</i> PMQ Management Company Ltd <i>Director</i> Hotel ICON Limited <i>Chairman of Board of Directors</i>	None	None

Note:

⁽¹⁾ GP Batteries was delisted from SGX-ST on 27 December 2017. GP Batteries is currently a wholly-owned subsidiary of the Company. Mr Victor Lo Chung Wing remains as the Chairman and CEO, and an Executive Director of GP Batteries.

⁽²⁾ Mr Leung Pak Chuen remains as an Executive Director of GP Batteries.

Name of Director	Andrew Chuang Siu Leung	Wong Man Kit	Lam Hin Lap
Role	Chief Risk Officer Executive Director ⁽³⁾	Chief Financial Officer Executive Director	Group General Manager, Business Development Executive Director
Academic and professional qualifications	Dr Chuang graduated from Queen Mary College of University of London, UK and holds a first class honour in Bachelor's degree in Electrical (Electronics) Engineering and a Doctoral degree in Microwave Engineering.	Mr Wong is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He holds an MBA degree from The Chinese University of Hong Kong.	Mr Lam holds a Bachelor's degree in Electrical Engineering from The University of New South Wales, Australia.
Board Committee(s) served on	None	None	None
Date of first appointment as a Director	18 October 1995	26 May 2006	1 October 2016
Date of last re-election as a Director	29 July 2016	28 July 2017	Not applicable

Name of Director	Andrew Chuang Siu Leung	Wong Man Kit	Lam Hin Lap
Present directorships in other listed companies	Gold Peak Industries (Holdings) Limited <i>Executive Director</i>	Meiloon Industrial Co., Ltd. <i>Authorised representative of a director (Famingo Pte Ltd)</i>	None
Past directorships in other listed companies over the preceding three years	None	None	None
Other principal commitments	None	Gold Peak Industries (Holdings) Limited <i>Senior Vice President & General Manager and Company Secretary</i>	None

Note:

- ⁽³⁾ On 1 June 2018, it was announced that Mr Andrew Chuang Siu Leung would retire as an Executive Director and Chief Risk Officer of the Company with effect from 1 July 2018.

Name of Director	Lim Ah Doo	Lim Hock Beng	Allan Choy Kam Wing
Role	Lead Independent Director Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Academic and professional qualifications	Mr Lim graduated from Queen Mary College of University of London, UK with a Bachelor of Science degree in Engineering and holds an MBA degree from Cranfield School of Management, UK.	Mr Lim holds a Diploma in Management Accounting and Finance and is a fellow member of the Singapore Institute of Directors.	Mr Choy holds a Diploma in Management Studies from The University of Hong Kong and an MBA degree from University of Macau.
Board Committee(s) served on	Audit and Risk Committee <i>Chairman</i> Nominating Committee <i>Member</i> Remuneration Committee <i>Member</i>	Nominating Committee <i>Chairman</i> Audit and Risk Committee <i>Member</i> Remuneration Committee <i>Member</i>	Remuneration Committee <i>Chairman</i> Audit and Risk Committee <i>Member</i> Nominating Committee <i>Member</i>
Date of first appointment as a Director	15 May 1997	2 January 1998	1 October 2012
Date of last re-election as a Director	29 July 2016	28 July 2017	28 July 2017

Name of Director	Lim Ah Doo	Lim Hock Beng	Allan Choy Kam Wing
Present directorships in other listed companies	ARA-CWT Trust Management (Cache) Limited (trustee manager of listed Cache Logistics Trust) <i>Independent Director</i> GDS Holdings Limited <i>Independent Director</i> Olam International Limited <i>Non-executive Chairman and Independent Director</i> Singapore Technologies Engineering Ltd <i>Independent Director</i>	Colex Holdings Limited Independent Director Huan Hsin Holdings Ltd Independent Director King Wan Corporation Limited <i>Independent Director</i>	None
Past directorships in other listed companies over the preceding three years	Bracell Limited <i>Independent Director</i> Linc Energy Ltd. <i>Independent Director</i> Sembcorp Marine Ltd <i>Independent Director</i> SM Investments Corporation <i>Independent Director</i>	TA Corporation Ltd <i>Independent Director</i>	GP Batteries International Limited <i>Independent Non-Executive Director</i>
Other principal commitments	None	None	None

Name of Director	Lim Jiew Keng	Goh Boon Seong
Role	Independent Non-Executive Director	Independent Non-Executive Director
Academic and professional qualifications	Mr Lim holds a Bachelor of Social Science (Honours) degree in Economics from National University of Singapore (formerly University of Singapore), a Certificate in Education from National Institute of Education (formerly Teachers' Training College), Singapore and completed an Advanced Management Programme at Fuqua School of Business of Duke University, US. Mr Lim has been a member of the Singapore Institute of Directors since 2002.	Mr Goh graduated from National University of Singapore (formerly University of Singapore) with a Bachelor of Business Administration degree.
Board Committee(s) served on	Nominating Committee <i>Member</i> Remuneration Committee <i>Member</i>	Nominating Committee <i>Member</i> Remuneration Committee <i>Member</i>
Date of first appointment as a Director	1 January 2018	1 January 2018
Date of last re-election as a Director	Not applicable	Not applicable
Present directorships in other listed companies	None	Boustead Singapore Limited <i>Independent Non-Executive Director</i>
Past directorships in other listed companies over the preceding three years	GP Batteries International Limited <i>Independent Non-Executive Director</i>	GP Batteries International Limited <i>Independent Non-Executive Director</i>

Name of Director	Lim Jiew Keng	Goh Boon Seong
Other principal commitments	None	WhiteRock Medical Company Pte. Ltd. <i>Director, President and Chief Executive Officer</i>

The details of the Directors' shareholdings are disclosed on page 26 of the Annual Report under "Directors' interest in shares and debentures" section of the Directors' Statement.

The Company has not appointed any alternate Director.

Through its regular review of the Board structure, size and compositions, and in consultation with Management, the NC assesses whether new Director(s) with certain desired experience and knowledge is / are required to further enhance the effectiveness of the Board. If there is such a need, a search will be conducted to identify suitable candidates for the NC's consideration. Upon identification of a candidate with the desired attributes, the NC will then make recommendation to the Board for the proposed appointment of Director.

In proposing the re-appointment or re-election of Directors, the NC takes into consideration, *inter alia*, contributions made by the Directors to the effectiveness of the Board and their commitment to their role.

The Constitution of the Company requires one-third of the Directors to retire from office at the Company's Annual General Meeting ("AGM") and a Director appointed by the Board during a financial year to submit himself / herself for re-election at the AGM immediately following his / her appointment.

Board Performance

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group's business and that each Director, through his / her unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. In the event that the appointment of a new Board member is required, the criteria for the appointment will be driven by the need to position and shape the Board in line with the medium-term needs of the Group and its business.

The NC has decided, in consultation with the Board, on how the Board should be evaluated and has selected a set of performance criteria that is linked to long-term shareholders' value, for evaluation of the Board's performance. The NC has set up a formal assessment process to evaluate the effectiveness of the Board as a whole. The assessment, which is conducted annually, includes evaluation of the following:

- (i) composition of the Board;
- (ii) information provided to the Board;
- (iii) conduct of Board meetings;
- (iv) accountability of the Board, including whether the various Board Committees are functioning properly; and
- (v) the Board's standards of conduct.

Although the Directors are not evaluated individually, the factors taken into consideration for the re-election or re-appointment of the Directors are, *inter alia*, contributions by the Directors to the effectiveness of the Board and their commitment to their role.

Access to Information

Management provides the Board and Board Committees with relevant information and reports prior to their respective meetings. In addition, Management also provides the Board with further information or ad hoc reports as and when required. Board members are also consulted or updated with latest developments of the Group with regular management meetings, circulation of discussion papers and informal meetings such as discussions via tele-communications. At the quarterly Board meetings for reviewing the draft announcements of the Group's quarterly or full year results, the actual results are compared against the budget and explanations are provided by Management on the variances.

Directors have separate and independent access to the Company's senior management and the Company Secretaries for additional information. In addition, should Directors, whether as a group or individually, need independent professional advice, Management will, upon direction by the Board, appoint a professional advisor selected by the group or the individual, to render the advice. The cost of such professional advice will be borne by the Company.

At least one of the Company Secretaries attends Board meetings, particularly the meetings for reviewing the draft announcements of the Group's quarterly or full year results, and the meetings of the NC and the RC respectively. The Company Secretaries are responsible for ensuring that Board procedures are followed and that the Company complies with the requirements of the Singapore Companies Act, Chapter 50. Together with the management staff of the Company, the Company Secretaries are also responsible for the Company's compliance with all SGX-ST's rules and regulations, which are applicable to the Company.

The appointment and the removal of the Company Secretaries require the Board's approval.

Remuneration Matters

Procedure for Developing Remuneration Policies

The RC currently comprises of five Independent Non-Executive Directors, who are knowledgeable with executive compensation, as follows:

Mr Allan Choy Kam Wing (Chairman)
Mr Lim Ah Doo (Member)
Mr Lim Hock Beng (Member)
Mr Lim Jiew Keng (Member)
Mr Goh Boon Seong (Member)

The RC's terms of reference are primarily to:

- (i) review and recommend to the Board in consultation with Management and the Chairman of the Board, a framework of remuneration for the Board and Key Management Personnel (as defined in the Code) and to determine the specific remuneration packages and terms of employment for each of the Directors and Key Management Personnel and employees who are immediate family members (as defined in the SGX-ST Rules) of a Director, the CEO or a substantial shareholder / controlling shareholder of the Company;
- (ii) recommend to the Board in consultation with Management and the Chairman of the Board, any share option schemes, share-based incentives or awards or any other long-term incentive schemes which may be set up from time to time, in particular to review whether Directors and senior executives should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith; and
- (iii) carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

As part of its review, the RC shall ensure that:

- (i) all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind are covered;
- (ii) the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Executive Directors' and Key Management Personnel's performances. A significant and appropriate proportion of the remuneration of the Executive Directors and Key Management Personnel should be structured so as to link rewards to corporate and individual performance;
- (iii) the remuneration package of employees who are immediate family members of a Director, the CEO or a substantial / controlling shareholder of the Company are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities;
- (iv) the level and structure of remuneration should be aligned with the long-term interests and risk policies of the Company and Guidelines 8.1 to 8.4 of the Code; and
- (v) the contracts of service of the Executive Directors and Key Management Personnel should contain fair and reasonable termination clauses which are not overly generous.

In reviewing the remuneration packages, the RC takes into account the current market circumstances and the need to attract and retain the existing Directors of experience and good standing. The RC has full authority to obtain external professional advice on matters relating to remuneration should the need arise.

Level and Mix of Remuneration

The remuneration policy for the Executive Directors and other executives adopted by the Company generally comprises a basic salary and a variable bonus that is linked to the performance of the Company and individual Executive Director or executive. Currently, the Company does not have any share option or incentive share scheme.

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from the Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against these personnel in the event of such breach of fiduciary duties.

The remuneration structure of the Executive Directors and Key Management Personnel is reviewed annually by the RC to determine whether it is effective in attracting, retaining and motivating them. The review includes comparisons against available industry information compiled by the Group's human resource department.

The fee structure for the Independent Non-Executive Directors is determined after taking into account factors such as increased focus on risk and governance issues, responsibilities and level of contributions including attendance and time spent at and outside the formal environment of the Board and Board Committees meetings. Currently, the fee includes the following components:

- (i) a base fee;
- (ii) fee for acting as the Lead Independent Director;
- (iii) fee for acting as the Chairman or a member of the ARC, NC or RC; and
- (iv) fee for attending additional Board, ARC, NC or RC meetings when the number of such meetings attended exceeded the respective pre-determined number.

Disclosure of Remuneration

The remuneration of the Directors, top five Key Management Personnel and a Key Management Personnel who is an immediate family member of a Director is disclosed as follows:

1. Table below shows breakdown of Directors' remuneration for the financial year ended 31 March 2018 (in percentage terms):

Name of Director	Salary ⁽²⁾ %	Bonus ⁽²⁾ %	Fees %	Other benefits %	Total %
\$S\$1,250,001 to \$S\$1,500,000					
Victor Lo Chung Wing	82	18	-	-	100
\$S\$1,000,001 to \$S\$1,250,000 ⁽¹⁾					
Leung Pak Chuen	48	52	-	-	100
Brian Li Yiu Cheung	62	38	-	-	100
\$S\$500,001 to \$S\$750,000					
Lam Hin Lap	79	21	-	-	100
\$S\$250,001 to \$S\$500,000					
Andrew Chuang Siu Leung	89	11	-	-	100
Below \$S\$250,000 ⁽¹⁾					
Allan Choy Kam Wing	-	-	100	-	100
Goh Boon Seong ⁽³⁾	-	-	100	-	100
Lim Ah Doo	-	-	100	-	100
Lim Hock Beng	-	-	100	-	100
Lim Jiew Keng ⁽³⁾	-	-	100	-	100
Wong Man Kit	-	-	-	-	-

Total Directors' remuneration for the financial year ended 31 March 2018 amounted to \$S\$4,797,000. Due to confidentiality and commercial sensitivity of the Directors' remunerations, the Board believes that the disclosure in bands of \$S\$250,000 provides sufficient overview of the remuneration of the Directors.

2. Table below shows breakdown of top five Key Management Personnel's remuneration for the financial year ended 31 March 2018 (in percentage terms):

Name of Key Management Personnel	Salary ⁽²⁾ %	Bonus ⁽²⁾ %	Fees %	Other benefits %	Total %
S\$600,001 to S\$850,000 ⁽¹⁾					
Victor Chong Toong Ying	68	16	-	16	100
Jeroen Hoogland	73	26	-	1	100
William Wang Jian Hao	23	77	-	-	100
Richard Yew Cheng Teik	83	16	-	1	100
S\$350,001 to S\$600,000					
Henry Leung Kwong Hang	77	16	-	7	100

Total top five Key Management Personnel's remuneration for the financial year ended 31 March 2018 amounted to S\$3,398,000.

Note:

- (1) In alphabetical order of the Directors' or Key Management Personnel's last names.
 (2) Include contributions to post-retirement benefits.
 (3) Appointed with effect from 1 January 2018.

3. During the financial year ended 31 March 2018, Ms Grace Lo Kit Yee, daughter of Mr Victor Lo Chung Wing, received a remuneration which was more than S\$250,000 but less than S\$300,000. Save as aforementioned, no employee of the Group was an immediate family member of a Director and whose remuneration exceeded S\$50,000 during the financial year ended 31 March 2018. "Immediate family" means, in relation to a person, the person's spouse, child, adopted child, stepchild, brother, sister and parent.

No remuneration or compensation was paid or is to be paid in the form of share options, since the Company does not currently have any plan to implement share option or share incentive plans. However, this does not rule out the possibility of the Company doing so in the future.

The Executive Directors do not receive any Directors' fee for their directorship in the Company. The Company advocates a performance-based remuneration system for Executive Directors and Key Management Personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

Accountability and Audit

Accountability

The Board is accountable to the shareholders. It is the aim of the Board to provide a balanced and understandable assessment of the Group's performance, position and prospects when presenting the quarterly and annual financial statements, and price sensitive public reports, and reports to regulators (if required).

Management is accountable to the Board. Management prepares monthly management accounts, which is reviewed by the Executive Committee. Management provides the Board with the quarterly and full year results together with other relevant information, including comparison with budget, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospect.

Management is delegated with the responsibility of ensuring compliance with legislative and regulatory requirements, including requirements under the SGX-ST Rules. In this connection, Management is encouraged to seek necessary professional advice from the Company Secretaries or legal advisors if necessary.

Risk Management and Internal Controls

Risk Management Framework

The Board is aware that a sound system of risk management and internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedures for reporting immediately to appropriate levels of management any significant risk management and control failings or weaknesses that are identified together with details of corrective action being taken. The Board has therefore established the necessary risk governance structure to ensure the effective executive of its risk management framework, policies and processes.

The Board is responsible for risk governance. All matters pertaining to the management of strategic, external and preventable risks are the responsibility of the ARC. Further information on the ARC, including its composition, are discussed under the "Audit and Risk Committee" section below.

The Group has established terms of reference within the ARC to oversee enterprise risk. The ARC is responsible for defining the level of risk which the business can take in pursuit of its strategic objectives. The ARC also has direct oversight for the proper setting up and maintenance of an enterprise risk management ("ERM") programme which is managed by the Chief Risk Officer ("CRO").

The Board has already defined a proper framework of assurance for risk management and internal control. This has been in place since December 2014. This contains a Risk Governance and Internal Control Manual and an ERM Programme, which provides the appropriate level of risk consideration and mitigation. These documents also take into consideration the leading elements for proper internal control established by the Committee of Sponsoring Organisations for the Treadway Commission ("COSO") as well as the work performed across the financial period by the Internal Audit Department ("IAD") and other assurance providers. These documents are reviewed by the ARC and the Board annually and any decision making which entails going beyond the risk boundaries established under the defined risk governance of the Group is to obtain explicit Board approval.

The Board establishes the level of risk appetite and risk tolerance which is to be conformed within the pursuit of the business objectives. The Group has risk policies which define how ERM is operationalised within the Group and cover responsibilities for ERM, reporting requirements and the risk assessment process.

The ARC with their direct oversight for ERM across the Group, ensures that Management devises, implements and maintains adequate and effective internal control systems, including financial, operational, compliance and information technology controls, which are relevant to the various businesses within the Group and address the risk exposures accordingly. The Group takes a stance to mitigate and reduce the level of risk exposure for preventable risks. This is done by providing direct accountability to the risk owners and the CRO to track and manage the residual risk to acceptable levels. The ERM programme caters for this and ensures that regular monitoring of risk management activities are in place.

The CRO is responsible for ensuring that the Group risk profile is up to date and reflects the potential and relevant risk exposures to the business. Strategic risks are considered during the risk governance exercise and the Board takes an active role in determining how to manage, avoid or build contingencies for such external and strategic matters. All other risks are considered during periodic risk assessment exercises. In such exercises, prevailing and potential risks are reviewed and the risk profile is adjusted based on a collective assessment of the impact and likelihood of these risks (conducted in accordance with the Group's risk management programme for the financial year), as well as the effectiveness of controls in place to address them. The ARC is periodically apprised of the changes to risk profile and any major risk exposures that are insufficiently covered by existing business practices or future strategic initiatives.

Roles of ARC and CRO

The overall objective of the ARC is to provide oversight that:

- (i) Management has created and maintained an effective risk management and control environment in the Company;
- (ii) Management demonstrates the necessary aspect of the internal control structure among all parties; and
- (iii) There is a sound internal control system and risk management practices in the Company.

The ARC is governed by its terms of reference and its responsibilities relating to risk management and internal controls largely cover:

- (i) review with the external auditors, *inter alia*, their evaluation of the system of internal accounting controls;
- (ii) review at least once annually the adequacy and the effectiveness of the Company's internal controls, i.e. the financial, operational, compliance and information technology controls, and risk management systems, including the overall risk assessment process to ensure a robust risk management system is maintained and report to the Board;
- (iii) review the assurance provided by the Chairman and CEO and CFO, as well as the assurance provided by the head of IAD regarding, *inter alia*, the effectiveness of the Company's risk management and internal control systems;
- (iv) review reports submitted by the CRO and prepare ARC report regarding the adequacy and effectiveness of risk management and internal control systems to the Board;
- (v) ensure the head of the internal audit function and CRO has direct and unrestricted access to the Chairman of the Board and ARC; and
- (vi) recommend to the Board the statement to be included in the Company's Annual Report relating to the adequacy and effectiveness of the Company's risk management and internal control systems.

The role of the CRO is to:

- (i) lead, facilitate, integrate and coordinate risk management;
- (ii) create a culture of risk awareness and Management's risk responsibilities;
- (iii) bring formal consideration of risk into strategic decision making and set financial targets;
- (iv) develop a centre of excellence for managing risk; and
- (v) assist the Board and ARC to communicate to all stakeholders, internal and external, about risk.

The responsibilities of the CRO include:

- (i) advising and reporting to the ARC and Board on major risk areas for public announcements related to quarterly and annual reporting;
- (ii) reviewing and advising the ARC in formulating its risk policies, including the parameters for risk assessments and methodology to be adopted;
- (iii) overseeing Management in the design, development, implementation and monitoring of the risk management and internal control systems;
- (iv) advising the ARC on the Company's level of risk tolerance;
- (v) developing and guiding the ARC and Board in establishing a process of effectively identifying and managing the implications of risks tolerance in internal controls and strategic transactions to be undertaken by the Company;
- (vi) overseeing and advising the Board on the current risk exposures, overall risk tolerance, and overall risk strategy of the Company;
- (vii) reviewing the Company's risk profile / risk dashboard on a regular basis;
- (viii) reviewing, at least annually, the effectiveness of the Company's internal controls and risk management systems, including the overall risk management;
- (ix) reviewing periodically the risk limits established by the Group and where applicable, reporting any material breach of such limits and the adequacy of proposed actions to be taken;
- (x) submitting reports to the ARC and assist in the preparation of the ARC reporting regarding adequacy and effectiveness of risk management and internal control systems to the Board; and
- (xi) ensuring the independence of the risk management function throughout the Group.

During the financial year ended 31 March 2018 and up to 30 June 2018, Mr Andrew Chuang Siu Leung, an Executive Director, was the Group's CRO. Mr Andrew Chuang Siu Leung would retire as an Executive Director and CRO with effect from 1 July 2018. Mr Waltery Law Wang Chak, Senior Vice President, Finance and Corporate Development, has been appointed the Group's CRO with effect from 1 July 2018.

Risk Management and Internal Control Systems

The Board has, with the assistance of the ARC, evaluated the adequacy and effectiveness of the Group's risk management and internal control systems. There is already an established process in place for the Board to drive the Group's propensity for taking risk and the minimum risk management activities that are expected to be conducted. There is also a formal ERM programme which allows Management to communicate the key changes to business risk to the ARC and thereon the Board. This enables the prioritisation of resources and efforts to address the more pertinent and critical risks to the business.

Aside to this, the Board works with the ARC to define the established lines of defense. This facilitates an understanding of the various parties / functions and mechanisms in place to detect, counter and address risk.

The first line of defense is that of the management team, who have established minimum controls and management assurance activities. These operate on a day to day basis, to handle matters pertaining to business activities and operational needs. The second line of defense is that of risk management, which in being headed by the CRO, facilitates monitoring and early detection of plausible risks. These are brought to the attention of the ARC where needed, to assign and re-deploy resources to counter the risk exposure. As a final line of defense, the Group also maintains an in-house internal audit function. They form an independent and objective assurance function, which assess the two lines of defense described earlier.

The ARC seeks assurance from all the above mentioned parties and holistically assesses if there are any material gaps or concerns and highlights which would impact the ability of the Board to opine on the state of internal control. Such an exercise is conducted annually.

During the financial year, the Board received written assurance from the Chairman and CEO, the Executive Vice Chairman, the Executive Vice President and the CFO (herein collectively referred to as the "Key Senior Management") that (a) the Group's financial records have been properly maintained and the consolidated financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective; and (c) the Group's internal controls, addressing financial, operational and compliance risks, are adequate and effective.

The Key Senior Management are involved in the assurance activities described above. Specifically, they are engaged in the development of the Group's Risk Governance and Internal Control Manual, the profiling of the enterprise risks, as well as the first and second lines of defense. Their active involvement in charting out the Management's responses as well as their interaction with the ARC and Board, provide further grounds for their assurance over operational (including technology), financial and compliance risk matters.

The Board with the assistance of the ARC has undertaken an annual evaluation of the adequacy and effectiveness of the risk management and internal control systems. The assessment considered both the key risk profile of the Company, the ability to discharge proper risk governance responsibilities and the existence and effectiveness of the principles within the Company to meet the requirements of an effective internal control system as stipulated by COSO.

The Board's annual assessment of risk management and internal control was based on the Risk Governance and Internal Control Manual and the evaluation against a COSO Internal Control Checklist which considered:

- (i) the changes to the business strategy and accompanying changes to the risk profile, risk appetite and tolerance limits;
- (ii) the changes to the Board authority and authorisation responsibilities delegated to Management in respect of the changes to the key business strategies;
- (iii) the policies and authorisation responsibilities of the Company;
- (iv) the adequacy and effectiveness of risk management activities to address the pertinent risks;
- (v) the controls and activities in place to uphold and enforce the principles of effective internal control by COSO covering the control environment, risk assessment, control activities, information and communication and monitoring activities; and
- (vi) the occurrence of significant internal control weaknesses during the financial period and whether these issues were adequately and properly addressed.

The Board reviewed the above in order to understand the profile of risks relevant to the Company and the appropriateness of counter-measures to manage them.

In addition to the above, the Board has also sought assurance from the internal audit function on the effectiveness of the risk management programme and the state of internal control for the areas covered under their internal audit plan for the financial period.

GP Batteries, a subsidiary of the Company, was listed on the SGX-ST until it was privatised and delisted on 27 December 2017 and became a wholly-owned subsidiary of the Company. GP Batteries had an established risk governance structure and risk management framework similar to the Group and had complied with relevant Listing Rules and Guidelines of the Code in respect of risk management and internal control matters. Following the delisting, risk management and internal control matters of GP Batteries are directly supervised by the Company's ARC, CRO and IAD in accordance with the Group's established risk governance structure, framework, policies and processes.

Based on the internal controls and risk governance practices established and maintained by the Group, work performed by the IAD and external auditors, assurance from Key Senior Management and reviews performed by the ARC and Management, the Board with the concurrence of the ARC is of the opinion that as at 31 March 2018:

- (i) the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective; and
- (ii) the Group's internal controls, addressing financial, operational and compliance risks, were adequate and effective.

Notwithstanding the above, the system of internal controls and risk governance practices does not provide absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

Audit and Risk Committee

Currently, the ARC comprises three members who are Independent Non-Executive Directors, as follows:

Mr Lim Ah Doo (Chairman)

Mr Lim Hock Beng (Member)

Mr Allan Choy Kam Wing (Member)

All three members of the ARC are experienced professionals and businessmen. They all have relevant experience and knowledgeable in accounting, banking and financial management. The three members have been elected also on the basis that they possess extensive general business knowledge. The Board is of the view that all members of the ARC have sufficient financial management expertise, commercial and business experience to discharge their duties and responsibilities adequately and effectively.

The ARC convened four meetings across the financial year ended 31 March 2018. During these meetings, the ARC reviewed, *inter alia*, the unaudited quarterly and full year financial results, received the reports by the IAD and was briefed by the external auditors of the Company, Deloitte & Touche LLP ("DT"), on their Professional Service Planning Memorandum ("PSPM") prepared in connection with the annual statutory audit.

The members of the ARC have therefore been apprised of the relevant new or changes to financial reporting standards and relevant laws and regulations via their review of the PSPM.

In addition to the oversight for risk management matters and internal controls, the ARC also provides oversight for financial and audit related matters of the Group. The ARC has a formalised terms of reference which sets out the membership, administration, duties, reporting procedure, attendance at general meetings and remuneration of the members of the ARC. In addition to the responsibilities relating to risk management and internal controls discussed under the "Risk Management and Internal Controls" section above, the responsibilities of the ARC also include:

- (i) reviewing with external auditors, their audit plan, nature and scope of the audit, evaluation of internal controls and audit report;
- (ii) reviewing quarterly and annual results for public announcement and annual financial statements to ensure their integrity before submission to the Board for approval, with particular focus on significant financial reporting issues and judgements, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, going concern statement, compliance with accounting standards, stock exchange and statutory / regulatory requirements;
- (iii) discussing problems and concerns, if any, arising from the audit;
- (iv) reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually;
- (v) reviewing the internal audit programme and the adequacy and effectiveness of the Company's internal audit function, and ensuring co-ordination between the internal and external auditors and Management;
- (vi) ensuring the internal audit function is independent of the activities it audits, has sufficient resources to perform its duties, and has appropriate standing within the Company;
- (vii) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting firm / auditing firm or corporation to which the internal audit function is outsourced;
- (viii) recommending to the Board the appointment / re-appointment of the external auditors, the audit fee and matters related to the resignation or dismissal of the auditors;
- (ix) ensuring external auditors have direct and unrestricted access to the Chairman of the ARC and the Chairman of the Board;
- (x) reviewing the assurance provided by the CEO and CFO (or their equivalents) regarding the financial records being properly maintained and the financial statements give a true and fair view of the Company's operations;
- (xi) reviewing the Group's interested person transactions and considering whether they are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders; and
- (xii) undertaking such other reviews and projects as may be requested by the Board, and such other functions and duties as required by statute or the SGX-ST Listing Manual or the Code.

Based on the terms of reference, the ARC has full and unfettered access to and co-operation by Management. The ARC is able to draw on independent professional advice at the Company's expense, to enable it to discharge its function properly.

The ARC meetings are held with the internal and external auditors and by invitation, any Director and Management representative.

The ARC and Board noted that the Company's external auditors are engaged to audit the financial statements of the Company and its Singapore-incorporated subsidiaries and significant associated companies. The ARC and Board are satisfied that suitable auditing firms are engaged for its significant foreign-incorporated subsidiaries and associated companies. Accordingly, the Company complies with Rule 712 and Rule 715 of the Listing Manual of SGX-ST.

The ARC has considered the report from DT, including their findings on significant risks and the key areas of audit focus. The ARC has discussed and reviewed the key audit matters ("KAMs") included in the independent auditor's report for the financial year ended 31 March 2018 with Management and DT, and is in agreement with the KAMs highlighted. The independent auditor's report for the financial year ended 31 March 2018 is set out on pages 29 to 34 of the Annual Report.

The ARC conducted a review of the Group's Interested Person Transactions ("IPT") to ensure that the transactions were in accordance with the Shareholders' Mandate and complied with Chapter 9 of the Listing Manual of SGX-ST. The ARC is satisfied that other than those reported to the ARC, there were no material contracts involving the interests of the Directors, the controlling shareholders or their associates. The ARC is therefore satisfied over the adequacy of internal controls relating to the identification, evaluation, review, approval and reporting of IPTs.

The ARC also meets annually with the external and internal auditors, without the presence of Management, as well as only with the external auditors without the presence of the internal auditors and Management.

The ARC has reviewed all non-audit services rendered by DT and is of the opinion that such services received would not affect the auditor's independence. During the financial year ended 31 March 2018, the aggregate amount of fees paid and payable to DT and its member firms is as follows:

Type of service	S\$'000
Audit	1,554
Non-audit	136
	<u>1,690</u>

The ARC has established a Whistle-Blowing Policy, whereby staff may, in strictest confidence, raise concerns about possible improprieties relating to financial reporting, fraudulent acts and other matters and ensure that arrangements are in place for independent investigations of such matters and review of the outcome of the follow-up actions.

The ARC members are kept abreast of changes of accounting standards and issues which have a direct impact on financial statements through updates from the Group's external auditors.

Neither any member of the ARC nor the ARC Chairman are former partners or directors of the Group's external audit firm.

Internal Audit

The Group's internal audit function is performed by the in-house IAD which presently has a staff strength of nine. The IAD is headed by a Director of Internal Audit (the "IA Director"). The internal audit function is independent of Management.

To further facilitate the independence of the IAD, the IA Director has a direct and primary reporting line to the ARC Chairman. The IA Director also reports administratively to the Executive Vice President.

The ARC assesses on a regular basis, the resourcing adequacy of the IAD, remuneration, performance evaluation and all outsourcing arrangements entered into with external professional services providers (if any).

All members of IAD including the IA Director are suitably qualified and the IA Director holds professional certifications in internal auditing issued by the Institute of Internal Auditors (the "IIA"). The IAD is given sufficient time and resources dedicated by Management to facilitate the proper completion of internal audits and reporting of any material matters to the ARC.

The IAD adopts the internal control framework established by COSO when performing its work and the internal audit plan is developed through a risk centric approach. The IAD has adopted and conducts its internal audit reviews based on the International Standards for the Professional Practice of Internal Auditing (the "IIA Standards") of the International Professional Practices Framework of the IIA. This ensures that the IAD maintains the appropriate level of conformance to the attribute and performance standards of an internal audit function. Members of the IAD also undergo continuous professional training through attendance at professional technical training sessions organised by qualified external institutions and bodies.

The IAD formally reports the findings from the internal audit reviews conducted at the quarterly ARC meetings. On an annual basis, the ARC reviews and approves annual internal audit plan as well as any further requirements in professional resources to conduct the required internal audit reviews. The key findings from the internal audit reviews are also shared with the risk management team and the CRO, to facilitate the necessary inclusion in the consideration of the Group's risks during the risk assessment process.

As part of the work done to provide the basis for the opinion on internal control, the ARC also assesses the findings of:

- (i) the internal audit visits performed on the activities or entities within scope;
- (ii) the evaluation of the framework of risk governance; and
- (iii) the assessment of adequacy of risk management and internal controls over financial, operational and compliance risk as principally managed by the first and second lines of defense (i.e. management and the Group risk management function).

The ARC also evaluates any weaknesses or material non-compliance identified by the external auditors during the course of their financial audit, and the effectiveness of remediation actions taken to address the issues reported (if any).

The quality of the IAD is regularly assessed to ensure compliance with the IIA Standards. During the financial year ended 31 March 2016, the Company engaged one of the big four accounting firms, other than DT, to perform a Quality Assurance Review ("QAR") on the internal audit function, based on Standard 1312 – *External Assessments of International Professional Practices Framework of the IIA*. The QAR covered the attribute standards (attributes of the function and individuals that perform internal audit) and the performance standards (which defines the nature of internal audit and provides quality criteria to measure the performance of these services). The QAR confirmed that the IAD complied with the requirements of the IIA Standards in all material respects.

Shareholder Rights and Responsibilities

Shareholder Rights

The Company does not practise selective disclosure. The Company informs shareholders, stakeholders and the public of all material information about the Company and the Group through announcements timely released via the SGXNET. For example, unaudited quarterly financial results, full year financial results and daily share buy back activities are announced within the period stipulated by the relevant rules of the Listing Manual of SGX-ST. Price sensitive information is first publicly released, either before the Company meets with any group of investors or investment analysts or simultaneously with such meetings, if necessary. The Company's announcements are also available on the Company's website.

All shareholders of the Company receive a copy of the Annual Report and notice of AGM. The notice of AGM is also advertised in a newspaper. The notice of AGM and other notice of general meeting of shareholders include information on, *inter alia*, the effect of the proposed resolutions in respect of the non-routine businesses.

All shareholders, other than the "Interested Persons" of a transaction as defined in the Listing Manual of SGX-ST, are entitled to vote at general meetings. For shareholders who are unable to attend and vote in person, the Company's Constitution allows a shareholder of the Company to appoint one or two proxies to attend and vote at all general meetings on his / her behalf. In addition, pursuant to the prevailing Singapore Companies Act, Chapter 50, specified intermediaries and capital markets services licence holders which provide custodial services, are allowed to appoint more than two proxies. Therefore, indirect investors can be appointed as proxies to participate in general meetings and are given the same right as direct investors in general meetings.

In addition, at a general meeting of shareholders, the Company Secretaries and representatives from the share registrar's office are also available to provide shareholders with information on the rules, including voting procedures, that govern the meeting.

Communication with Shareholders

Pertinent information is communicated to shareholders primarily through timely announcements released via SGXNET. To ensure the announcements are as descriptive, detailed and forthcoming as possible, the announcements are reviewed by the Company Secretaries before they are released. In addition, where appropriate, announcements are prepared with the assistance of other professional advisors, such as legal advisors and financial advisors.

The AGM is the annual forum at which the Company directly communicate with the shareholders, gather their views and input and address their concerns. In addition, shareholders can also contact the Company through electronic mails, written correspondences and telephone through which investors can share their views on the Group with Management.

Dividends are declared by the Board after considering the Group's results of operations and financial position taking into consideration the Group's business plans. Final dividend proposed by the Board is subject to approval by the shareholders at an AGM. For the financial year ended 31 March 2018, the Board has declared and paid an interim dividend of 1.25 Singapore cents, and proposed a final dividend of 1.75 Singapore cents for shareholders' approval at the forthcoming AGM.

Conduct of Shareholder Meetings

Shareholders are encouraged to attend the Company's general meetings. As discussed in the "Shareholder Rights" section above, subject to the provisions of the Company's Constitution and Singapore Companies Act, Chapter 50, shareholders who are unable to attend and vote in person or indirect shareholders can appoint proxy or proxies to attend and vote at all general meetings on his / her behalf.

The Company puts substantially separate issues to vote at general meetings as separate resolutions, unless the resolutions are interdependent and linked to form one significant proposal.

At AGMs, shareholders are given the opportunity to communicate their views and ask questions regarding the Group. Board members, Chairman of the ARC, NC and RC are available to address questions raised at AGMs. In addition, the Company's external auditors, DT, are also invited to attend AGMs to address questions which are related to the conduct of the audit. In extraordinary general meetings, external professional advisors engaged in advising the matters being put to vote are invited to attend the meetings, so that the shareholders can seek necessary clarification directly from these professional advisors.

Since the Company's AGM held on 29 July 2016, the Company has complied with Rule 730A(2) of the Listing Manual of SGX-ST which requires all resolutions be voted by poll at general meetings to be held on or after 1 August 2015, and Rule 704(16) of the Listing Manual of SGX-ST which sets out the information to be included in the announcement of the result of resolutions put to a general meeting. The shareholders will be informed of the voting procedures at the commencement of the general meetings.

Dealing in Securities

The Group has adopted a Code of Best Practices on Securities Transactions with respect to dealings in securities by Directors and officers of the Group.

Directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing two weeks before the announcement of the Company's results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year results, ending on the date of the relevant announcement of the results. Directors and officers are also prohibited from dealing in the Company's securities when they are in possession of potentially price sensitive information.

Directors and officers of the Group are also not expected to deal in the Company's securities on considerations of a short-term nature.

The Company has complied with its Code of Best Practices on Securities Transactions.

Material Contracts

Save as disclosed in the Directors' Statement and the financial statements and under the "Interested Person Transactions" section below, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interests of the Chairman and CEO, Directors or the controlling shareholders, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's IPTs. The Company's disclosure in accordance with Rule 907 of the SGX-ST Listing Manual in respect of IPTs for the financial year ended 31 March 2018 is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 during the financial year under review (excluding transactions less than S\$100,000)	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Sales:				
Light Engine Ltd	-	-	139	146
Gold Peak Industries (Holdings) Limited	-	-	56	6
Acquisition of issued shares of GP Batteries pursuant to the Offer ⁽¹⁾:				
Victor Lo Chung Wing	390	-	-	-
Paul Lo Chung Wai	156	-	-	-
Grace Lo Kit Yee	98	-	-	-
Rental expenses and building management fee paid and payable under rental reimbursement agreements:				
Gold Peak Industries (Holdings) Limited	-	3,417	-	-

Note:

- ⁽¹⁾ During the financial quarter ended 31 December 2017, pursuant to the Offer, the Company acquired the issued shares of GP Batteries ("GP Batteries Shares") at an offer price of S\$1.30 per GP Batteries Share from the shareholders of GP Batteries, including Mr Victor Lo Chung Wing, an interested person, and his associates.

Shareholdings Statistics

As at 18 June 2018

Class of equity securities	:	Ordinary Shares
Number of issued shares	:	521,358,482
Number of issued shares excluding treasury shares and subsidiary holdings	:	484,469,182
Voting rights	:	One vote per share

Treasury shares and subsidiary holdings

Number of treasury shares	:	36,889,300
Number of subsidiary holdings	:	-
Percentage of treasury shares against the total number of issued shares excluding treasury shares and subsidiary holdings	:	7.61%

Distribution of shareholdings

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 - 99	41	2.82	1,530	0.00
100 - 1,000	248	17.03	213,579	0.05
1,001 - 10,000	703	48.28	3,397,928	0.70
10,001 - 1,000,000	455	31.25	31,072,527	6.41
1,000,001 and above	9	0.62	449,783,618	92.84
	1,456	100.00	484,469,182	100.00

Public float

As at 18 June 2018, approximately 13.55% of the Company's issued shares (excluding treasury shares and subsidiary holdings) are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Substantial shareholders

(as recorded in the Register of Substantial Shareholders)

Name of substantial shareholder	Direct Interest		Deemed Interest	
	Number of shares	%	Number of shares	%
Gold Peak Industries (Holdings) Limited	414,098,443	85.47	-	-
Victor Lo Chung Wing ⁽¹⁾	300,000	0.06	414,098,443	85.47

Note:

- ⁽¹⁾ Mr Victor Lo Chung Wing's deemed interest in 414,098,443 issued shares of the Company arises pursuant to his aggregate direct and deemed interests in the issued shares of Gold Peak Industries (Holdings) Limited ("Gold Peak") of approximately 21.98%, and Gold Peak's direct interest in 414,098,443 issued shares of the Company.

Twenty largest shareholders

No.	Name of shareholder	Number of shares	%
1.	Gold Peak Industries (Holdings) Limited	414,098,443	85.47
2.	Mighty Holdings Limited	7,315,000	1.51
3.	Diamond Coin Holdings Limited	6,870,000	1.42
4.	Ablewood International Limited	5,830,000	1.20
5.	Citibank Nominees Singapore Pte Ltd	5,217,655	1.08
6.	Artful Enterprises Limited	3,974,000	0.82
7.	DBS Nominees (Private) Limited	3,405,520	0.71
8.	Leung Pak Chuen	1,608,000	0.33
9.	Brian Li Yiu Cheung	1,465,000	0.30
10.	Woo Koon Chee	782,300	0.16
11.	Tan Seok Ling	673,409	0.14
12.	Phillip Securities Pte Ltd	648,180	0.14
13.	Lim & Tan Securities Pte Ltd	634,148	0.13
14.	UOB Kay Hian Pte Ltd	621,663	0.13
15.	Ng Poh Mui	534,000	0.11
16.	Hobee Print Pte Ltd	520,000	0.11
17.	Quah Biow Chye	505,940	0.10
18.	Koh Family Trading Pte Ltd	500,000	0.10
19.	Zen Property Management Pte Ltd	500,000	0.10
20.	Tan Yong Chiang or Tan Hui Liang	496,000	0.10
		456,199,258	94.16

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