

BROOK CROMPTON

a **WOLONG** company



A Brighter Future from a Stable Platform

ANNUAL REPORT 2021



Table of Contents

001	Corporate Profile
002	Financial Highlights
003	Corporate Structure
004	Chairman and CEO Statement
008	Board of Directors
009	Management Team
010	Product Application
011	Industrial Application
012	Corporate Information
013	Corporate Governance Report
031	Sustainability Report
049	Financial Contents
103	Letter to Shareholders
106	The Appendix
113	Analysis of Shareholdings
116	Notice of AGM Proxy Form





Corporate Profile

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

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

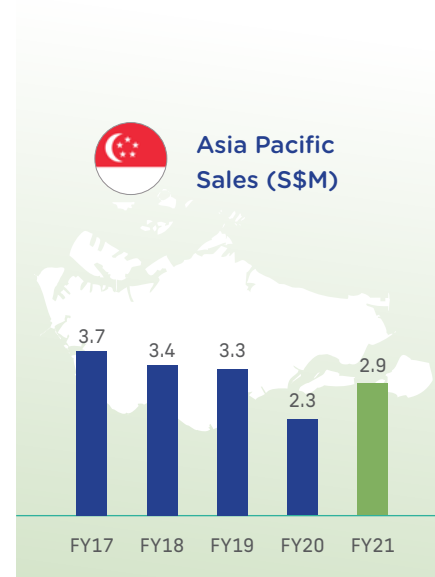
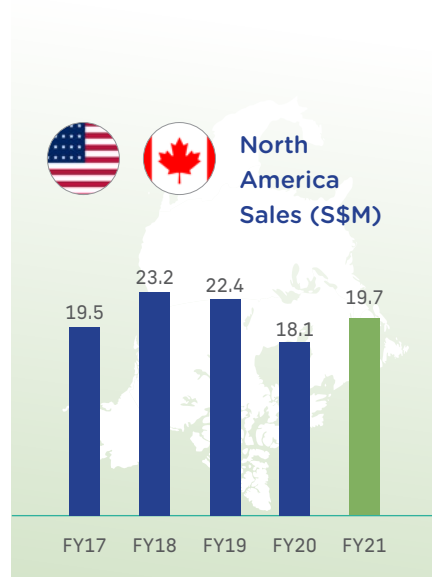
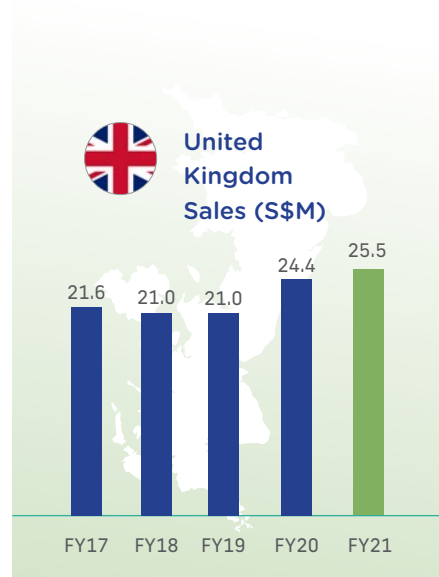
To bolster our position in key regions and facilitate our expansion to new markets, we have taken decisive steps to strengthen our supply chain and distribution channel.

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

Financial Highlights

Income Statement (\$S'000)	FY2017	FY2018	FY2019	FY2020	FY2021
Turnover	44,865	47,646	46,697	44,861	48,087
Profit from continuing operations	3,474	3,622	3,866	2,158	2,661
Total Profit attributable to shareholders	3,474	3,622	3,866	2,158	2,661
Statement Of Financial Position (\$S'000)					
Non-current assets	2,871	2,316	6,527	5,968	4,847
Current assets	39,862	41,019	43,820	46,591	52,167
Current liabilities	11,748	11,321	11,032	11,694	14,825
Non-current liabilities	798	587	4,552	4,443	2,742
Shareholders' fund	30,187	31,427	34,763	36,422	39,447
Statement Of Cash Flows (\$S'000)					
Net cash generated from operating activities	6,916	4,723	3,482	3,090	2,904
Net cash used in investing activities	(175)	(83)	(25)	(89)	(82)
Net cash used in financing activities	(792)	(1,870)	(1,475)	(1,457)	(735)
Cash & cash equivalents at the beginning of financial year	6,841	12,956	15,392	17,601	19,279
Effect of exchange rate fluctuation on cash held	166	(334)	227	134	(133)
Cash & cash equivalents at the end of financial year	12,956	15,392	17,601	19,279	21,233

SALES BY GEOGRAPHICAL SEGMENT



Corporate Structure

BROOK CROMPTON

a **WOLONG** company

NORTH AMERICA

- Brook Crompton USA, Inc
- Brook Crompton Limited (Canada)

EUROPE

- Brook Crompton UK Limited
- Brook Crompton Italy Branch

ASIA PACIFIC

- Brook Crompton Asia Pacific Pte Ltd
- Brook Crompton Australia Pty Ltd

Geographical Presence

WAREHOUSE

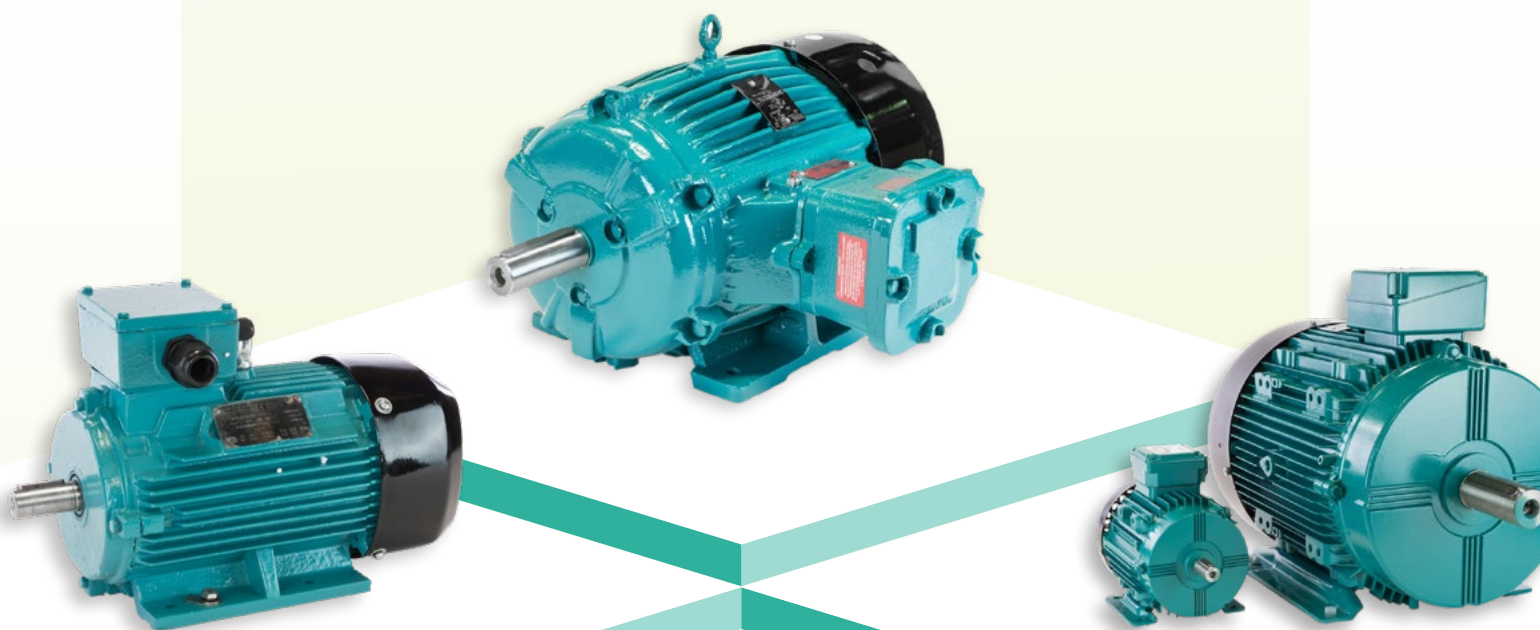
- Toronto
- Montreal
- Cleveland
- Chicago
- Dallas
- Memphis
- Houston
- United Kingdom

SALES OFFICE

- Toronto
- Montreal
- United Kingdom
- Italy
- Singapore
- Australia

Chairman and CEO Statement

Net assets increased by 8% to S\$39.4 million as compared to year ended 2020's S\$36.4 million, after taking in the profit for the financial year of S\$2.7 million. Current ratio remains at a healthy level of 3.5 as at 31 December 2021. The cash and bank balance increased by 10% to S\$21.2 million mainly resulting from net cash generation for operating activities during the year.



Chairman and CEO Statement

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present to you the annual report for Brook Crompton Holdings Limited ("The Group") for the financial year ended 31 December 2021 ("FY2021").

With the expectation of a global recovery post the CoVid-19 pandemic, 2021 saw the Group begin to invest in building business in wider foundations, establishing an Australian entity as a branch of its' Singapore sales office, and laying the foundations for an Italian branch.

The year started with all the main business areas of the Group in some form of a "lockdown" with this continuing in various forms for much of the year. In the prior year, the Company established protocols for remote working and was therefore well positioned to carry forward its' business without interruption through these lockdowns. The ability to maintain stability in its core areas of trade positioned the Company effectively to be able to move forward as the economies around the world opened up, with the UK Government's partial lifting of restrictions in April a notable milestone.

A strong position in inventory in Canada, the UK and the USA has allowed the business to support its key customers throughout the year despite frequent interruptions in supply chains and ongoing high costs of freight from the Asian manufacturing countries. In the 2nd half of the year a the decision was also made to introduce additional product lines outsourced to new suppliers in the East of Europe in order to provide a strategic alternative to the Company's long standing suppliers in China, Germany, Poland, Serbia and Vietnam. This forms a core part of the Company's strategy for expansion.

The second half of the year saw the return in confidence to certain industries, notably oil and gas and petrochemical, which is expected to continue the increase in investment into 2022. As the lockdown's further eased toward the end of 2021, it became clear that end users across all industry segments were starting to increase their spend on maintenance, which had been neglected throughout the 1 and half years of pandemic lockdowns. The Company supports and maintains a strong distribution and service partner base which is heavily driven by the end users. This enabled the Company to finish the year with all 4 trading regions showing orders banks increased compared with the prior 12 months, in Canada, the UK and Asia Pacific the order bank was approaching 100% higher than at the end of 2020, and in the USA up approximately 12%.

Financial Highlights

Financial performance

The Group turnover for the financial year ended 31 December 2021 increased by 7.2% to S\$48.1 million. This is mainly due to sales increases in the United Kingdom and United States markets. Gross profit in 2021 is much higher compared to 2020, resulting from better margin contributed in United States market where there was generally a shortage in the supply of motors.

Other income in 2021 is much lower as compared to 2020 mainly due to lower administrative fee income reimbursed from related companies for cost sharing in Brook Crompton North America.

Chairman and CEO Statement



Slightly decreased in distribution costs mainly due to the closure of one of the warehouses located in United States, and the Company being able to manage its operating costs. However, there was increase in administrative expenses mainly due to additional costs incurred for change of external auditor in 2021 and additional headcount hired to support the supply chain of the Group.

As a result of the above, profit before income tax increased by 35% to S\$3.7 million and EBITDA (earnings before interest, tax, depreciation and amortisation) increased to S\$4.6 million in 2021 from S\$3.6 million in 2020. Income tax expense in 2021 is much higher as compared to prior year, due to higher profit before tax attributable during the financial year.

Statement of Cash flow Highlights

The Group maintains in good cash flow position due to continuing operational profitability and generated positive cash flow. Net cash generated from operating activities of S\$2.9 million is slightly lower as compared to prior year 12 months ended, 31 December 2020. This is mainly due to slow collection from customers and with higher stocks maintained in North America warehouse. Net cash used in financing activities in

12 months ended, 31 December 2021 is much lower as compared to prior year, mainly due to no dividend pay-out in the current financial year. Net cash position stand at S\$21.2 million as at 31 December 2021, however, net cash position as at 31 December 2020 only S\$19.3 million.

Statement of Financial Position Highlights

Net assets increased by 8% to S\$39.4 million as compared to year ended 2020's S\$36.4 million, after taking in the profit for the financial year of S\$2.7 million. Current ratio remains at a healthy level of 3.5 as at 31 December 2021. The cash and bank balance increased by 10% to S\$21.2 million mainly resulting from net cash generation for operating activities during the year.

Trade and other receivables increased by 22% to S\$13.6 million from prior year of S\$11.1 million, resulting from sales picking up in last few months of the financial year. The Inventories as at 31 December 2021 increased by 6.1% as compared with prior year with S\$15.9 million as at 31 December 2020. Due to current supply chain issue, the Company has to keep more stocks to meet the demand of the customers.

Current liabilities have increased by 26.8% to S\$14.8 million from S\$11.7 million prior year. The increase is mainly due to increases in trade payables, resulting from slow payment made to suppliers due to longer shipment time from manufacturing plants, most of the goods shipped by factories have yet to be received and the Group is unable to settle the payment to suppliers. These are mainly related to sales orders under ex-works incoterms. Overdue invoices that relate to goods in transit have yet to be settled. Other than this, the additional corporate tax has been provided for BCUK & BCUSA in current financial years as both companies are in profitable position.

Non-current liabilities have decreased by 38.3% to S\$2.7 million from S\$4.4 million prior year. The decrease mainly due to lower retirement benefits obligations in Brook Crompton North America. At the same time, lease liabilities gradually reduced with remaining lease term.

Chairman and CEO Statement

Moving Forward Post Pandemic

The Company has the aim in 2022 to continue its expansion into new business areas, with a view to develop further its Australian operation following the model of the UK and North America, and establishing warehousing within the EU to enable it to effectively trade within the European Economic Union. Investment will continue in sales, and a new emphasis will be made to strengthen the operational management of the Group. This has started in Canada, where the operational team has been restructured and this will prove a model for the other entities within the Group.

The Group will continue to reinforce its supply and logistics chains, and with shortages of raw materials expected as 2022 progresses due to the increased demands from the electric vehicle industry, the Management believe that the model of holding stock to service the core end users industries remains effective in all 3 global regions.

Further investments will be made in IT / systems to allow the Group's core partners to become more self-sustainable, allowing the key personnel in the team to focus on strategic business development.

The Group remains committed to its focus on highly efficient engineering solutions, providing reliable cost-effective solutions for industry through a series of well trained customer focused partners. Low cost of ownership and sustainability are core values of the Group.

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

2022 will see new products arriving in the UK business, which together with operational changes will allow the Company to exploit potential within Europe as well as the UK & Ireland, starting with some of the former markets of strength for Brook Crompton. The Company will continue to work on the North African market, supported by the Wolong Group in some cases. The UK economic growth will perhaps not meet initial forecasts for 2022, however there will be growth in the Company's core segments of trading. Investment is expected in some of the former Soviet republics which are key oil and gas players, and the Company will seek to develop those through its network of partners.

North America

Higher growth rates are expected in both the Canadian and USA markets when compared to the UK market, however high rates of inflations are also expected. A shortage of product on the shelves of its competitors is expected to leave the Company in a positive position due to its inventory in hand. New products will be introduced allowing the Company to leverage its current sales channels whilst effectively controlling cost.

Asia Pacific

As the Asia Pacific region exits the lockdowns of 2021, in 2022 the Company intends to use the support of the Wolong Group production unit in Vietnam and "close to the market" production in able to grow its business with local partners in Singapore, Malaysia and Thailand. The Company will establish warehousing in Australia to support partners in Australia and New Zealand and will introduce products to allow it to pursue project work in the Australian water, mining and steel industries.

In Appreciation

The CoVid-19 pandemic has persisted longer and more severely than the Management of the Group had expected. Despite this, the employees, the families of the employees (who supported our colleagues working from home), our partners, customers, and the Board of Directors have remained positive throughout and committed themselves to the success of the business.

It is thanks to them that the Group was able to position itself at the end of 2021 such that it could move forward into 2022 with growth.

The Management would like to take this opportunity to thank the Board of Directors for their diligence, their challenges, and their support, and we would like to thank all of our employees and business partners as we look forward to 2022.

PANG XINYUAN
Chairman

Richard Eason
Chief Executive Officer

Board of Directors

MR PANG XINYUAN

Chairman, Non-Independent,
Non-Executive Director

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

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

DR KNUT UNGER

Lead Independent Director

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

Dr Unger is also the Chairman of the Nominating Committee and the Remuneration Committee and a member of the Audit Committee. Dr Unger was last re-elected as a Director of the Company on 29 April 2021.

MR CHAO MUN LEONG

Independent Director

Mr Chao was appointed as an Independent Director of the Company on 1 July 2016. He has over 35 years of working experience in the electronic industry having accumulated his experience from working with a number of multi-national corporations such as General Electric, Varta Batteries, Philips Components and Vishay Inc. Mr. Chao is also the advisory consultant to the CEO office of Wolong Electric Group Co., Ltd.

Mr Chao graduated from the Singapore Polytechnic in the field of Polymer Science and Technology and further obtained a post graduate diploma in Business Administration.

Mr Chao is the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

Mr Chao was last re-elected as a Director of the Company on 25 April 2019 and he will be retiring pursuant to Article 104 of the Constitution at the Company's forthcoming AGM. Being eligible, he has offered himself for re-election. The Board has supported his re-election as a Director and is recommending his re-election for shareholders' approval at the Company's AGM.



Management Team

MR RICHARD EASON

Chief Executive Officer

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

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

MR RANDY CONNOLLY

General Manager And Director
Brook Crompton North America

Mr Randy was appointed as General Manager and Director of Brook Crompton North America in February 2018, responsible for overseeing the sales, procurement, operations and finance in the North America. He was employed in 2016 as Vice President Sales of Brook Crompton North America, responsible for the sales of North America. He has over 43 years of working experience in electric motor industry accumulated from a number of multi-national corporations such as General Electric, WEG Electric Corp and Westinghouse Electric Corporation. Mr Randy holds a bachelor in Economics from State University of New York.

MS SHAVY KWAN

Financial Controller
Brook Crompton Holdings Ltd

Ms Kwan responsible for all accounting, financial and taxation matters. She joined the company in November 2017 over 19 years of experience in commercial accounting and audit. Before joining the Company, she served as the Financial Manager in two Singapore Exchange Main Board listed companies and was with Deloitte & Touche as an Assistant Audit Manager. She holds Association of Chartered Certified Accountants (ACCA) accounting qualification and is a Chartered Accountant of the Institute of Singapore Chartered Accountants.



Product Application

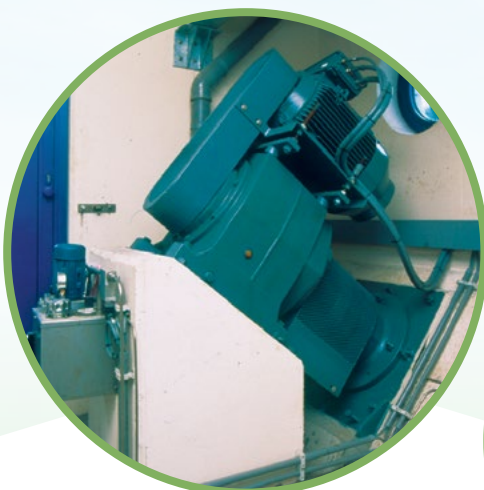
Alliance with suppliers for distribution of electric motors to various users via established sales channel



PUMPS



FANS



MECHANICAL



PROCESSES

Industrial Application

Partnership with electric motor users for strategic geographical market outreach



HVAC



MARINE



MINING



OIL AND GAS

Corporate Information

Board Of Directors

Pang Xinyuan

Chairman/

Non-Independent, Non-Executive Director

Knut Unger

Lead Independent Director

Chao Mun Leong

Independent Director

Audit Committee

Chao Mun Leong

Chairman & Independent Director

Knut Unger

Member/Lead Independent Director

Pang Xinyuan

Member/Non-Independent, Non-Executive Director

Nominating Committee

Knut Unger

Chairman and Lead Independent Director

Chao Mun Leong

Member/Independent Director

Pang Xinyuan

Member/Non-Independent, Non-Executive Director

Remuneration Committee

Knut Unger

Chairman and Lead Independent Director

Chao Mun Leong

Member/Independent Director

Pang Xinyuan

Member/Non-Independent, Non-Executive Director

Company Secretary

Ang Siew Koon

Registered Office

19 Keppel Road,

#08-01, Jit Poh Building

Singapore 089058

Tel No: (+65) 6227 0308

Fax No: (+65) 6227 0605

Email: mgt@brookcromptonholdings.com

Registrar, Agent And Transfer Officer

Tricor Barbinder Share

Registration Services

(a division of Tricor Singapore Pte Ltd)

80 Robinson Road #02-00

Singapore 068898

Auditors

RSM Chio Lim LLP

8, Wilkie Road

#03-08, Wilkie Edge,

Singapore 228095

(appointed from financial year ended

31 December 2021)

Audit Partner: Eu Chee Wei David

Corporate Governance Report

Financial Report Ended 31 December 2021

OUR COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance within the Company and its subsidiaries (the “Group”) as part of its mission to enhance shareholder value for the long term. The Company’s corporate governance policies and practices that were in place throughout the financial year ended 31 December 2021 (“FY2021”) are guided by the corporate governance principles and provisions of the Code of Corporate Governance 2018 (the “Code”) and accompanying Practice Guidance issued on 6 August 2018 which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Listing Rules”).

The Company has endeavoured to adhere to the principles and provisions stipulated in the Code in FY2021. This Corporate Governance Report (the “CG Report”) details the Group’s corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the provisions set out in the Code, and the Listing Rules where applicable. Where there have been deviations from the Code, the appropriate explanations have been provided in this CG Report.

In the opinion of the Board of Directors of the Company (the “Board”), the Company has generally complied with the principles set out in the Code for FY2021.

BOARD MATTERS

Principle 1: The Board’s Conduct of Affairs

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

Board’s Role

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

Directors’ Fiduciary Duties

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

Corporate Governance Report

Financial Report Ended 31 December 2021

Role of non-executive directors

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

Board Orientation and Training

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

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

In FY2021, the Directors attended training courses of their choice, and if the training is relevant to the performance of their duties as a Director of the Company, they may request for the expenses to be borne by the Company.

Mr Chao, the AC Chair had attended trainings conducted by the Singapore Institute of Director and Institute of Singapore Chartered Accountants, both of which were relevant to his duties as a member of the AC.

Delegation of Authority to Board Committees

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

Matters Reserved for the Board

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

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

Corporate Governance Report

Financial Report Ended 31 December 2021

Meetings of Board and Board Committees

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

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

Corporate Governance Report

Financial Report Ended 31 December 2021

In FY2021, a total of five (5) Board Meetings were held. The table below shows the attendance of the Directors at general meetings, and meetings of the Board and Board Committees in FY2021:-

The attendances of the Directors at the meetings of the Board and Board Committees during the financial year ended 31 December 2021 are as follows :-

Director	Appointment	Resignation	Board of Directors					Audit Committee		Nominating Remuneration Committee		Annual General Meeting		Extraordinary General Meeting	
			26.02.2021	12.04.2021	12.08.2021	16.11.2021	02.12.2021	26.02.2021	12.04.2021	12.08.2021	02.12.2021	26.02.2021	29.04.2021	16.11.2021	16.11.2021
1 Dr Knut Unger (Appointed as Member of AC on 1 August 2007) (Appointed as Chairman of NC and RC on 1 Aug 2007 and redesignated to NC and RC member on 19 January 2009) (Redesignated to NC and RC Chairman on 27 April 2015 from member)	01.08.2007	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2 Chao Mun Leong (Appointed as Independent Director and AC Chairman, NC and RC Member on 01 July 2016)	01.07.2016	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3 Pang Xinyuan (Appointed as Non-Independent Non-Executive Director and Chairman of Board and AC, RC and NC member on 10 November 2016 and 26 February 2020 respectively)	10.11.2016	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Corporate Governance Report

Financial Report Ended 31 December 2021

Access to information

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

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

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

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

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

Principle 2: Board Composition and Guidance

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

As at 31 December 2021 and the date of this CG Report, the Board comprises the following three (3) members, all of whom are Non-Executive Directors, and two (2) of whom are Independent Directors:

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

Corporate Governance Report

Financial Report Ended 31 December 2021

Board Independence

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

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

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

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

Board Size

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

Corporate Governance Report

Financial Report Ended 31 December 2021

Board Balance

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

The Company had not put in place a Board Diversity Policy in FY2021. The composition of the Board is reviewed on an annual basis by the NC to ensure that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective of issues that are brought before the Board.

The Company took note of the new listing rule which requires all issuers to have a Board Diversity Policy in place and for the Company to describe the policy and to provide details such as diversity targets, plans, timeline and progress in the annual report for FY2022. The Company is currently developing the policy for the Board's adoption.

Non-Executive Directors Meets up without presence of Management

For a more effective check on the Management team, the Non-Executive Directors had met several times without the presence of Management in FY2021 to discuss informally the more sensitive issues (including the performance of the Management).

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

Principle 3: Chairman and Chief Executive Officer (CEO)

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

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

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

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

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

Corporate Governance Report

Financial Report Ended 31 December 2021

Principle 4: Board Membership

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

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

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

The NC meets as and when necessary, at least once a year. The NC held one meeting in FY2021.

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

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

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

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

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

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

Corporate Governance Report

Financial Report Ended 31 December 2021

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

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which took effect from 1 January 2022, a Director will not be regarded as Independent Director if he/she has been a Director for an aggregate period of more than 9 years, unless his/her appointment as an Independent Director is approved in separate resolutions at the AGM by: (a) all shareholders; and (b) shareholders, excluding the directors, the chief executive officer and their associates. Dr Unger was re-appointed pursuant to the Rule 210(5)(d)(iii) at the Company's last AGM held on 29 April 2021 and he shall remain as Independent Director so long as the resolutions passed pursuant to Rule 210(5)(d)(iii) remain in force or until the earlier of his retirement or resignation or conclusion of the third AGM following the passing of the resolutions at the AGM held on 29 April 2021.

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

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

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

Corporate Governance Report

Financial Report Ended 31 December 2021

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

The NC would generally avoid recommending to the Board the appointment of alternate Director as it is of the view that alternate Director should only be appointed under special circumstances, for example, when a Director has a medical emergency. Under such circumstances, the alternate Director should only be appointed for a limited time period. The process for the appointment of an alternate Director will be the same as the appointment of any new Director, and he/she is expected to be appropriately qualified, knows the duties and responsibilities of a Director and is familiar with the Company's business affairs. No alternate director was appointed in FY2021.

Principle 5: Board Performance

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

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

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

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

The last Board performance evaluation was conducted in February 2022. Based on the review, the NC was satisfied that the Board was effective as a whole and that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the Board Committees. The Company did not engage any external consultant to facilitate the Board performance evaluation for FY2021.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

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

Corporate Governance Report

Financial Report Ended 31 December 2021

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

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

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

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

In determining the specific remuneration packages of the Executive Director(s) and key management personnel, the RC will consider all aspects, including but not limited to director's fees (if applicable), salaries, allowances, bonuses, options, share-based incentives and benefits in kind. None of the RC members or Directors is involved in the deliberations in respect of any form of remuneration or benefits to be granted to him. RC members have authority to engage external consultancy services on remuneration related matters to discharge their duties when necessary. No external consultant was engaged to advise the RC on remuneration matters in FY2021.

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

Principle 7: Level and Mix of Remuneration

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

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

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

Mr Pang Xinyuan, who is the Board Chairman and the only Non-independent, Non-executive Director on the Board, did not receive any Director's fee for FY2021. He was nominated to the Board by Wolong Holding Group Co. Ltd, a substantial shareholder of the Company and had waived his right to the Director's fee.

Corporate Governance Report

Financial Report Ended 31 December 2021

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

Principle 8: Disclosure of Remuneration

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

The remuneration of the Directors and CEO for FY2021 is disclosed to the nearest thousand dollars and that of the key management personnel is disclosed in the band of S\$250,000 as follows:

	Remuneration S\$ '000	Fee %	Salary %	Allowances %	Bonus %	Post Employment Benefit	Total %
Directors							
Dr Knut Unger	50	100	Nil	Nil	Nil	Nil	100
Mr Chao Mun Leong	50	100	Nil	Nil	Nil	Nil	100
Mr Pang Xinyuan*	Nil	Nil	Nil	Nil	Nil	Nil	Nil
CEO							
Mr Richard Eason	327	Nil	76	1	17	6	100

* Mr Pang Xinyuan has waived his right to receive Director's fee for FY2021.

	Salary %	Allowances %	Bonus %	Post Employment Benefit %	Total %
Key management personnel					
Below S\$250,000					
Mr Randy Connolly	66	4	16	14	100
Ms Shavy Kwan Wei Yee	73	Nil	16	11	100

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

The total remuneration paid to the top two management personnel for FY2021 was S\$243,550.

In FY2021, there were no employees of the Company or the Group who were substantial shareholders of the Company, or were immediate family members of any Director, CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the year.

Corporate Governance Report

Financial Report Ended 31 December 2021

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

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

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

The Company carried out an assessment on sanctions-related risks following the SGX Press Release issued on 7 March 2022 and confirmed that the Company does not have trade or non-trade transactions with any individuals and corporates which are subject to sanctions.

The Board and the AC will be (i) responsible for monitoring the Company's risk of becoming subject to, or violating any Sanctions Law; and (ii) ensuring timely and accurate disclosures to SGX and other relevant authorities. The terms of reference of the AC has also included the additional role of the AC to monitor the risk and to assess whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Company.

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

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

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

The Board has received assurance:

- from the CEO and the Financial Controller that, as at 31 December 2021 the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- from the CEO and the Financial Controller who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems in addressing key financial, operational, compliance and information technology controls.

Based on the review of the key risks identified through the ERM process, and the internal controls established and maintained by the Group, work performed by the internal auditors, reviews performed by the Management and the AC; and the aforesaid assurances from the CEO and the Financial Controller, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and the risk management systems were adequate and effective as at 31 December 2021.

Corporate Governance Report

Financial Report Ended 31 December 2021

Principle 10: Audit Committee

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

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

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

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

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

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

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

During the financial year under review, the AC held separate private session with the external and internal auditors once without the presence of the Management and CEO. The last private session was held in February 2022.

Corporate Governance Report

Financial Report Ended 31 December 2021

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

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees paid to them. The AC received an audit report from the external auditors setting out the non-audit services provided and the fees charged for FY2021. A breakdown of the audit and non-audit fees paid to the Company's auditor is disclosed on page 77 of this Annual Report.

The AC has recommended the re-appointment of RSM Chio Lim LLP as the Company's external auditors for the financial year ending 31 December 2022.

The Company had put in place a whistleblowing policy which sets out the procedures for a whistle blower to make a report to the issuer on misconduct or wrongdoing relating to the Company and its officers. The AC is responsible for the oversight and monitoring of whistleblowing. The Company is committed to ensure that the identity of the whistleblower is kept confidential and the whistleblower will be protected against detrimental or unfair treatment. The complaint channels are administered by an independent party, a professional service firm.

Any issue raised would be investigated independently by the AC and the appropriate follow up actions carried out. In FY2021, there were no reports received through the whistle blowing mechanism.

Internal Audit

For FY2021, the Company outsourced its internal audit function to Yang Lee & Associates ("YLA"). YLA, the outsourced internal auditor, is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. YLA was established in the year 2005 and currently maintains a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, retail and property development industries.

The internal audit function is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls and other relevant disciplines.

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

The internal audit plan for FY2021 was reviewed and approved by the AC. The Internal Auditors completed one (1) review in FY2021 in accordance with the internal audit plan approved by the AC. The findings and recommendations of the Internal Auditors, Management's responses, and Management's implementation of remedial actions were reported to the AC.

The AC reviews the adequacy and effectiveness of the internal audit function at least on an annual basis, and as and when the situation calls for it. For FY2021, the AC is satisfied that the internal audit function was effective, adequately resourced, staffed by qualified and experienced personnel, and independent of the activities it audits with appropriate standing within the Company.

Corporate Governance Report

Financial Report Ended 31 December 2021

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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

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

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

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

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

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

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

In FY2021, the AGM and EGM were held via electronic means pursuant to the Covid-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). The minutes of the said AGM and EGM were made available to shareholders on the SGXNet within one month from the date of the AGM/EGM.

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

Principle 12: Engagement with Shareholders

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

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

Corporate Governance Report

Financial Report Ended 31 December 2021

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

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

In FY2021, the AGM and EGM were held via electronic means pursuant to the Covid-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Shareholders were given the opportunity to raise questions by submitting their questions via a designated website or depositing the questions at the Company's registered address. The Company's response to the queries raised by shareholders were posted on SGXNet prior to the AGM and EGM.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Managing Stakeholders Relationships Engagement with Stakeholders

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

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

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

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

INTERESTED PERSON TRANSACTIONS (IPT)

The AC reviews the Group's IPT for assurance that the transactions are executed at normal commercial terms and do not prejudice the interests of the Group and its minority shareholders. At the AGM held on 29 April 2021, shareholders of the Company approved a General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions with ATB, Wolong Holding Group Co. Ltd and any of its associates and its group of subsidiaries.

Corporate Governance Report

Financial Report Ended 31 December 2021

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

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
		YTD		YTD	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
<u>General Transactions</u>					
ATB Nordenham GmbH		–	–	712	747
ATB Servers d.o.o	Associates	–	–	375	618
ATB Tamel S.A.	of Controlling	–	–	11,123	11,326
ATB Schorch GmbH	Shareholder	–	–	274	628
ATB Welzheim		–	–	518	704
ATB Group UK		–	–	283	359
Wolong Electric Group Co Ltd		–	–	7,141	11,030
Wolong Electric America LLC		–	–	711	1,323
Wolong Electric (Vietnam) Company Limited		–	–	3,363	–
		–	–	24,500	26,735

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

DEALING IN SECURITIES

The Company has adopted its own internal codes in line with Rule 1207(19) of the Listing Manual applicable to all its officers in relation to dealings in the Company's securities. For FY2021, the Company and its officers are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year financial results. In addition, the Directors and officers of the Company are discouraged from dealing in the Company's securities on short term considerations.

MATERIAL CONTRACTS

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

SUSTAINABILITY REPORTING

The Company will publish its Sustainability Report before 30 April 2022. This Report will be aligned to the Listing Manual and made available through the Company's corporate website and on SGXNet. It should be read in conjunction with the Company's Annual Report 2021.

Sustainability Report FY2021

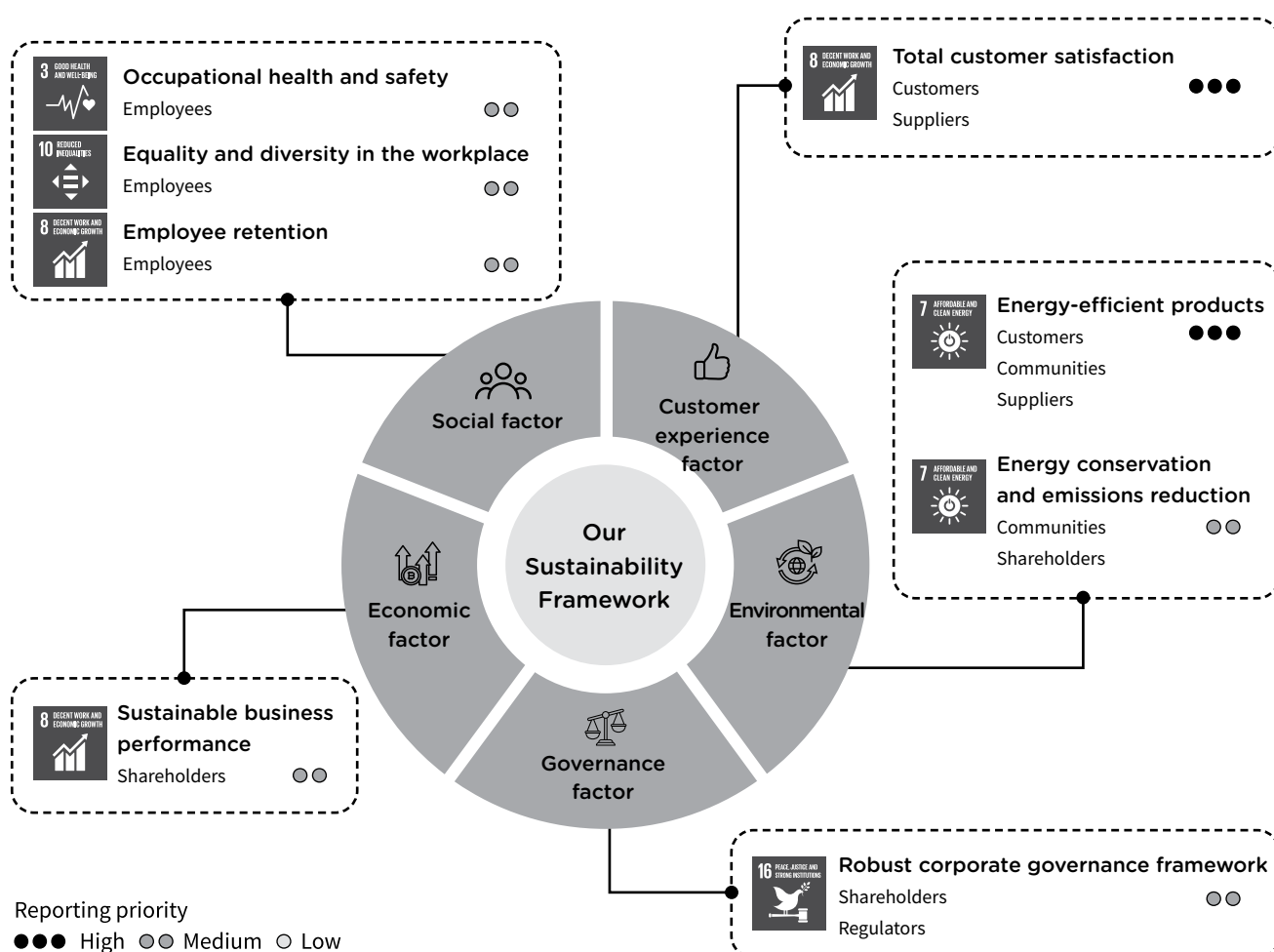
1. BOARD STATEMENT

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

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

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

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



Sustainability Report FY2021

A summary of our sustainability performance in FY2021 is as follows:

Sustainability Factor	Performance indicator	Sustainability performance	
		FY2021	FY2020
Customer experience	Product defect rate	2.3%	0.6%
Economic	Revenue	S\$48.1million	S\$44.9 million
	Profit for the financial year	S\$2.7 million	S\$2.2 million
	Dividend per share	2.0 cents	–
Environmental	Percentage of products with IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels	100%	100%
	Greenhouse Gas (“GHG”) emissions ¹ (tonnes CO ₂ e)	427	– ²
	GHG emissions intensity (tonnes CO ₂ e/ square foot of operating space utilised)	0.003	– ²
Social	Number of fatal workplace injuries	–	–
	Number of non-fatal workplace injuries ³	–	–
	Number of reported incidents of unlawful discrimination ⁴ against employees	–	– ²
	Percentage of employees who received regular performance reviews	100%	100%
	Turnover rate	20%	23%
Governance	Number of serious offence incidents ⁵	–	–

The Coronavirus disease 2019 (“COVID-19” or “Pandemic”) persists longer and more severely than the management’s expectations. The year started with lockdowns in all main business areas of the Group. However, the Group established protocols for remote working and is well positioned to carry forward its business without interruption through these lockdowns and move forward as the economies around the world open up.

Moving forward, we aim to continue our expansion into new business areas, with a view to further develop our Australian operation, as well as reinforce our supply and logistics chain in view of expected shortages of raw materials due to increased demands from the electric vehicle industry.

We have detailed our responses to the impact of the Pandemic in the relevant sections of this Report.

¹ GHG emissions from electricity purchased by the Group (Scope 2) are calculated based on the emissions factors published by the relevant local authorities.

² No comparative data is provided for prior year as this is a newly disclosed performance indicator in FY2021.

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

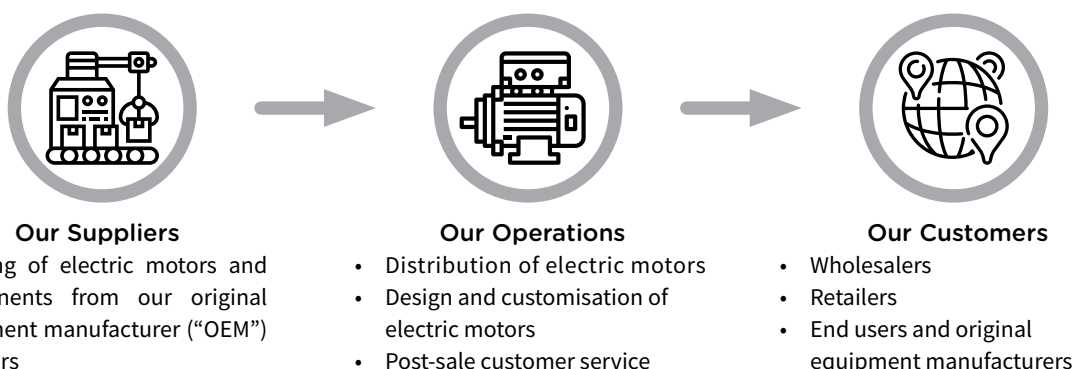
⁴ Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to the Company.

⁵ A serious offence is defined as one that involves fraud or dishonesty amounting to not less than S\$100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the Company by officers or employees of the Company.

Sustainability Report FY2021

2. OUR BUSINESS

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



3. REPORTING FRAMEWORK

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

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

4. REPORTING PERIOD AND SCOPE

This Report is applicable for our financial year ended 31 December 2021 ("FY2021" or "Reporting Period"). A Report will be published annually in accordance with our SR Policy.

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

5. FEEDBACK

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

Sustainability Report FY2021

6. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include entities or individuals that can reasonably be expected to be significantly affected by our activities, products or services and whose actions can reasonably be expected to affect our ability to implement our strategies to achieve our objectives.

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

We actively engage our key stakeholders through the following channels:

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

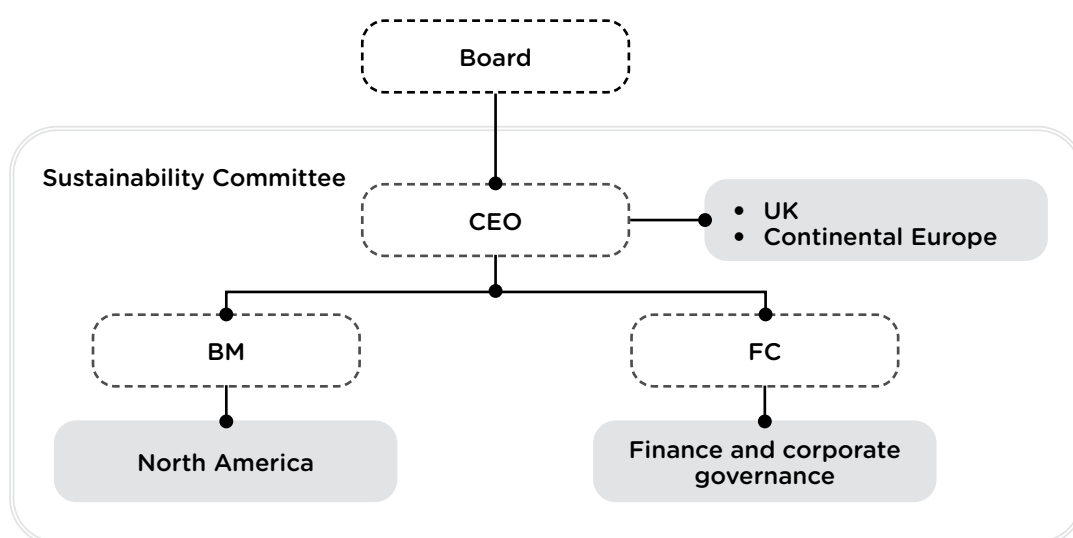
Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

Sustainability Report FY2021

7. POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 Reporting Structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board. The Group's Sustainability Committee ("SC"), which includes senior management executives, is led by the Chief Executive Officer ("CEO") and tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report. The Group's Sustainability Committee comprises the CEO, Business Manager ("BM") and Financial Controller ("FC").



7.2 Sustainability Reporting Processes

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



Identification

Identification of the material Sustainability Factors that are relevant to the Group's activities and data points for performance reporting

Prioritisation

Prioritisation of the material Sustainability Factors and identification of key Sustainability Factors to be reported



Validation

Validation involves the verification of information and data gathered on material Sustainability Factors and to perform an assessment on the completeness of key Sustainability Factors to finalise the sustainability report content

Review

Monitor, review and update our material Sustainability Factors from previous reporting period, taking into account the feedback received from engagement with stakeholders, organisational and external developments



Sustainability Report FY2021

7.3 Materiality Assessment

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

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

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

7.4 Performance tracking and reporting

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

8. MATERIAL FACTORS

In 2021, a materiality assessment was conducted by the SC to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business and their reporting priority level were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

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

List of material Sustainability Factors

S/N	Material Sustainability Factor	SDG	Reporting priority	Key stakeholder
Customer experience				
1	Total customer satisfaction	Decent work and economic growth	●●●	<ul style="list-style-type: none"> Customers Suppliers
Economic				
2	Sustainable business performance	Decent work and economic growth	●●○	Shareholders
Environmental				
3	Energy-efficient products	Affordable and clean energy	●●●	<ul style="list-style-type: none"> Customers Communities Suppliers
4	Energy conservation and emissions reduction	Affordable and clean energy	●●○	<ul style="list-style-type: none"> Communities Shareholders

Sustainability Report FY2021

S/N	Material Sustainability Factor	SDG	Reporting priority	Key stakeholder
Social				
5	Occupational health and safety	Good health and well-being	●●	Employees
6	Equality and diversity in the workplace	Reduced inequalities	●●	Employees
7	Employee retention	Decent work and economic growth	●●	Employees
Governance				
8	Robust corporate governance framework	Peace, justice and strong institutions	●●	<ul style="list-style-type: none"> Shareholders Regulators

Material factor matrix



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

Sustainability Report FY2021

8.1 Total customer satisfaction

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

Offering reliable and efficient products

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

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

Standard/ certification	Area
IEC 60034-5	Demonstrate protection from particles and a good level of protection against water
ATEX certificate	Regulate product safety in explosive atmosphere
IEC Ex Certificate	
UL Certificate	Regulate product safety in safe and explosive atmospheres
CSA Certificate	

In keeping up with our commitment to product quality, we conduct regular on-site inspections of supplier's manufacturing facilities to ensure that guidelines and customer specifications are adhered to. In addition, we track product defect level diligently and this is measured by the amount of warranty claims made as a percentage of total purchases. During the Reporting Period, we recorded a product defect rate of 2.3% (FY2020: 0.6%). The increase in product defect rate is mainly due to quality issues in electric motors which we started purchasing from a factory of our major supplier. We have furnished our feedback to the relevant supplier to make improvements and will continuously work towards sourcing for quality products from our suppliers.

With regards to product efficiency, we believe that offering highly efficient products help our customers to achieve lower long-term cost ownership and preserve the environment through lower emissions. Refer to Section 8.3 Energy-efficient products for more details.

Offer a comprehensive product range that meets customers' needs

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

Maintain proximity and on-time delivery

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

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

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

In light of the supply chain disruptions to the global freight network arising from the Pandemic, we onboarded more OEM suppliers that operate from locations near our Key Markets in order to deliver our products to our customers timely.

Sustainability Report FY2021

Nurture a team of experienced employees

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

For information on employees' years of service to the Group, please refer to Section 8.7 Employee retention.

Improving our products through gathering continuous feedback

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

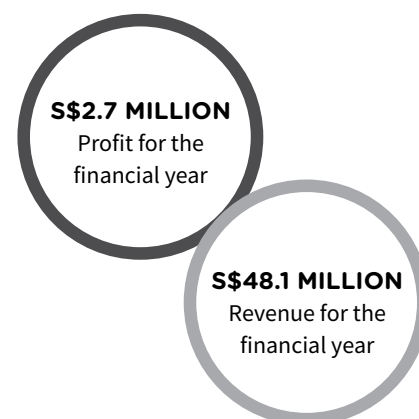
Target for FY2021	Performance in FY2021	Target for FY2022
<ul style="list-style-type: none"> • Maintain or improve market presence • Improve or maintain product defect rate 	Target partially met as follows: <ul style="list-style-type: none"> • No material changes in market presence • Product defect rate exceeds 1% mainly due to quality issues in electric motors which we started purchasing from a factory of our major supplier 	<ul style="list-style-type: none"> • Maintain or improve market presence subject to market conditions • Product defect rate should fall below 1%

8.2 Sustainable business performance

We believe in creating long-term economic value for shareholders by rewarding shareholders by way of consistent profits and healthy balance sheet.

For FY2021, the Group has recorded a revenue of S\$48.1 million (FY2020: S\$ 44.9 million) and generated S\$2.7 million (FY2020: S\$ 2.2 million) of profit for the financial year. A final tax exempt one-tier dividend of 2.0 Singapore cents per ordinary share (FY2020: no dividend) is proposed for FY2021. We will continue to focus on controlling our costs prudently and look for opportunities to invest for growth.

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



Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or improve our financial performance subject to market conditions	Target met as follows: <ul style="list-style-type: none"> • Increase in revenue and profit for the financial year • A final tax exempt one-tier dividend of 2.0 cents per ordinary share is proposed 	Maintain or improve our financial performance subject to market conditions

Sustainability Report FY2021

8.3 Energy-efficient products

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

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

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

Efficiency level aims to measure the ratio of usable shaft power (output) to electric input power (input). Our products have attained the IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels under IEC and Nema respectively. Being committed to combating climate change, we are capable of delivering products that are compliant with IE5 Ultra Premium Efficiency, a new IEC standard, on customers' request.

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

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or improve products' energy efficiency	Target met as follows: All our products have attained the IE3 Premium Efficiency or IE4 Super Premium Efficiency and Premium Standards efficiency levels under IEC and Nema respectively. We are also capable of delivering products that are compliant with IE5 Ultra Premium Efficiency, a new IEC standard, on customers' request	Maintain or improve products' energy efficiency

8.4 Energy conservation and emissions reduction

We are committed to responsible usage of energy resources and emissions reduction through enhancing our energy usage efficiency.

To run our operations, we rely mainly on purchased electricity for operating equipment at our premises, lighting, office work and cooling.

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

Performance indicator	Unit of measurement	FY2021 ⁶
Electricity consumption	kWh	2,008,658
Electricity consumption intensity	kWh/ square foot of operating space utilised	11.86
Indirect GHG emissions (Scope 2)	tonnes CO ₂ e	427
GHG emissions intensity	tonnes CO ₂ e/ square foot of operating space utilised	0.003

⁶ No comparative data is provided for prior year as this is a newly disclosed performance indicator in FY2021.

Sustainability Report FY2021

We track and review spending on energy consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns. We constantly remind our staff on basic and socially responsible habits at their workplaces such as adopting greener work ethics, switching off appliances if not in use and enabling power saving modes. In addition, we joined a sustainable transport scheme in the UK to encourage the use of cycling for business purpose. In line with our commitment to reduce emissions, we own a car fleet comprising electric and hybrid cars to reduce reliance on diesel fuel.

Target for FY2021	Performance in FY2021	Target for FY2022
– ⁷	<ul style="list-style-type: none"> Electricity consumption intensity is 11.86 kWh/ square foot of operating space utilised GHG emission intensity is 0.003 tonnes CO₂e/ square foot of operating space utilised 	Maintain or reduce GHG emissions intensity

8.5 Occupational health and safety

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

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

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

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

During the Reporting Period, we recorded zero (FY2020: zero) fatal workplace injury and non-fatal workplace injury.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain zero workplace accident	Target met as follows: Maintain zero workplace accident	Maintain zero workplace accident

⁷ Not applicable as this is a newly disclosed Sustainability Factor in this Report.

Sustainability Report FY2021

8.6 Equality and diversity in the workplace

To inspire and nurture our people, we are committed to the goals of diversity and equal opportunity in employment by providing a work environment for our employees that fosters fairness, equality and respect for social and cultural diversity, regardless of their gender and age. The total number of full-time employees within the Group as at 31 December 2021 is 61 (FY2020: 64).

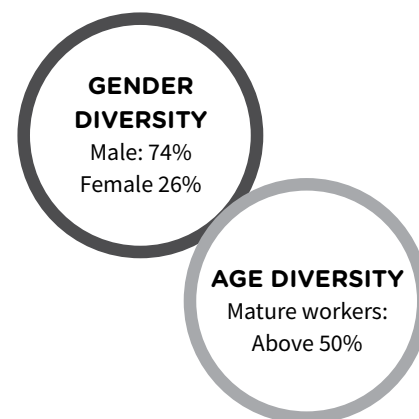
On gender diversity, the percentage of females over total permanent employees is 26% (FY2020: 23%) as at 31 December 2021.

On age diversity, matured workers are valued for their experience knowledge and skills. As at 31 December 2021, more than half (FY2020: above 50%) of our workforce is at least 40 years old.

During the Reporting Period, we have no reported incident of unlawful discrimination against employees.

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

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



Target for FY2021

- Ratio of female against male employees should not fall below 15%
- Ratio of employees with age 40 and above should not fall below 50%

Performance in FY2021

- Target met as follows:
- Ratio of female against male employees exceeds 15%
 - Ratio of employees with age 40 and above exceeds 50%

Target for FY2022

Maintain zero reported incident of unlawful discrimination against employees

Sustainability Report FY2021

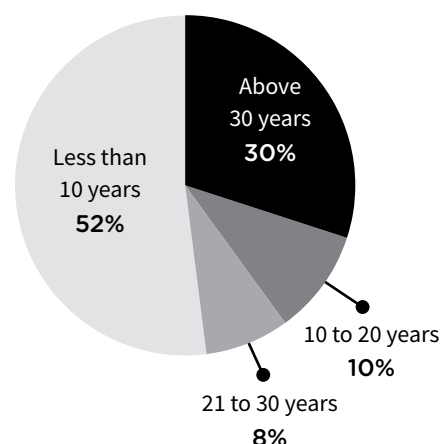
8.7 Employee retention

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

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

- Employees are engaged regularly via various channels such as appraisal exercises which allows employees to gain feedback on their career progress. This also encourages them to take self-initiated actions to improve their capabilities. During the Reporting Period, 100% (FY2020: 100%) of employees received regular performance reviews.
- In-house and external training courses are organised regularly for employees to improve their professional skills. For example, a systematic training program is in place in UK, North America and Australia to equip staff with the needed product and service knowledge.

Years of service



We believe that a low turnover improves the sustainability of our operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 31 December 2021, our turnover rate is 20% (FY2020: 23%) and 48% (FY2020: 44%) of the employees have served more than 10 years with us.

Target for FY2021	Performance in FY2021	Target for FY2022
<ul style="list-style-type: none"> • Maintain proportion of staff who receives performance and career development reviews • Improve or maintain performance measures identified on staff retention 	<ul style="list-style-type: none"> • 100% of employees received regular performance reviews • No material changes in turnover rate 	<ul style="list-style-type: none"> • Maintain proportion of staff who receives performance and career development reviews • Improve or maintain performance measures identified on staff retention

8.8 Robust corporate governance framework

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

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

Key initiatives taken by us include:

- An Enterprise Risk Management Framework ("ERM") is in place;
- Regularly assess and review the Group's business and operational environment to better identify and manage emerging and strategic sustainability risks;
- A whistle blowing policy is in place to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others; and
- A code of conduct is in place to provide guidance on business culture and corporate behaviour.

In FY2021, there is no reported incident of serious offence (FY2020: zero incident). Our overall Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School is 69 for the year 2021 (Year 2020: 72).






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

Target for FY2021	Performance in FY2021	Target for FY2022
SGTI score should not fall below 65 points	Target met as follows: SGTI score remained above 65 points	Maintain zero incident of serious offence

Sustainability Report FY2021

9. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

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

SDG		Our effort
 3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	<u>Section 8.5 Occupational health and safety</u> We adopt safety measures and procedures to avoid accidents that are preventable and in so doing, maintain the well-being and safety of our workers.
 7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable, and modern energy for all	<u>Section 8.3 Energy efficient products</u> We continuously strive to offer energy efficient products that comply with market-recognised international standards, improve energy efficiency rate of our products which contribute to sustainable development. <u>Section 8.4 Energy conservation and emissions reduction</u> We implement measures to reduce our energy consumption as not only does it help to improve energy efficiency and reduce GHG emissions, it also helps us to reduce costs incurred to support our business operations.
 8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<u>Section 8.1 Total customer satisfaction</u> We emphasise on maintaining the quality of our products as well as providing a comprehensive range of products to meet our customers' needs. Customer satisfaction is vital to the success of our business which in turn, helps to contribute to the economic growth and the creation of employment opportunities. <u>Section 8.2 Sustainable business performance</u> We contribute to economic growth through creating long-term economic value for our shareholders. <u>Section 8.7 Employee retention</u> We maintain a quality workforce which comprises a team of professional, highly skilled and experienced employees that contributes to the continuity of our business and also helps to contributes to economic growth.
 10 REDUCED INEQUALITIES	Reduce inequality within and among countries	<u>Section 8.6 Equality and diversity in the workplace</u> We build a working environment in which employees can enjoy equal opportunities regardless of age, and gender.
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institution at all levels	<u>Section 8.8 Robust corporate governance framework</u> We maintain a high standard of corporate governance to safeguard our shareholders' interests which aim to maximise long-term economic value for our shareholders. We also adopt a zero-tolerance approach on corruption through various practices that ensure transparency and integrity of our business.

Sustainability Report FY2021

APPENDIX 1 SUSTAINABILITY TRENDS

S/N	Performance indicator	Sustainability performance		
		FY2021	FY2020	FY2019
Total customer satisfaction				
1	Product defect rate	2.3%	0.6%	0.5%
Sustainable business performance				
2	Revenue	S\$48.1 million	S\$44.9 million	S\$46.7 million
3	Profit for the financial year	S\$2.7 million	S\$2.2 million	S\$3.9 million
4	Dividend per share	2.0 cents	–	2.0 cents
Energy-efficient products				
5	Percentage of products that attained efficiency level under relevant international standards	100%	100%	100%
Energy conservation and emissions reduction				
6	Electricity consumption	2,008,658 kWh	None ⁸	None ⁸
7	Electricity consumption (kWh/ square foot of operating space utilised)	11.86	None ⁸	None ⁸
8	Scope 2 GHG emissions (tonnes CO2e)	427	None ⁸	None ⁸
9	GHG emissions intensity (tonnes CO2e/ square foot of operating space utilised)	0.003	None ⁸	None ⁸
Occupational health and safety				
10	Number of fatal workplace injuries	–	–	–
11	Number of non-fatal workplace injuries	–	–	–
Equality and diversity in the workplace				
12	Ratio of female against total permanent employees	26%	23%	19%
13	Ratio of employees who are at least 40 years old	Above 50%	Above 50%	Above 50%
14	Number of reported incidents of unlawful discrimination against employees	–	None ⁸	None ⁸
Employee retention				
15	Percentage of employees receiving regular performance and career development reviews	100%	100%	100%
16	Turnover rate	20%	23%	6%
17	Percentage of employees with more than 10 years of service	48%	44%	38%
Robust corporate governance framework				
18	Number of incidents of serious offence	–	–	–
19	SGTI score	69 points	72 points	70 points

8 No comparative data is provided for prior year as this is a newly disclosed performance indicator in FY2021.

Sustainability Report FY2021

APPENDIX 2 GRI CONTENT INDEX

GRI standard & disclosure title		Section reference	Page
Organisational profile			
102-1	Name of the organisation	Cover page	–
102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> • Corporate Profile • Product Application • Industrial Application 	001 010 011
102-3	Location of headquarters	<ul style="list-style-type: none"> • Corporate Information • Financial Contents > Notes to the Financial Statements > General 	012 062-063
102-4	Location of operations	Geographical Presence	003
102-5	Ownership and legal form	<ul style="list-style-type: none"> • Financial Contents > Notes to the Financial Statements > General • Financial Contents > Notes to the Financial Statements > Subsidiaries • Analysis of Shareholdings 	062-063 083-084 113-115
102-6	Markets served	<ul style="list-style-type: none"> • Corporate Profile • Geographical Presence • Sustainability Report > Reporting Period and Scope 	001 003 033
102-7	Scale of the organisation	<ul style="list-style-type: none"> • Financial Highlights • Sustainability Report > Material Factors > Sustainable Business Performance • Sustainability Report > Material Factors > Equality and Diversity in the Workplace • Financial Contents > Consolidated Statement of Profit or Loss and Other Comprehensive Income • Financial Contents > Statement of Financial Position 	002 039 042 057 058
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	042
102-9	Supply chain	<ul style="list-style-type: none"> • Corporate Profile • Sustainability Report > Our Business 	001 033
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to the organisation and its supply chain during the reporting period	–
102-11	Precautionary Principle or approach	None	–
102-12	External initiatives	Sustainability Report > Supporting the UN Sustainable Development Goals	044
102-13	Membership of associations	None	–
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	031-032
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> • Corporate Governance Report • Sustainability Report > Material Factors > Robust Corporate Governance Framework 	013-030 043

Sustainability Report FY2021

GRI standard & disclosure title		Section reference	Page
Governance			
102-18	Governance structure	<ul style="list-style-type: none"> Corporate Governance Report Sustainability Report > Policy, Practice and Performance Reporting > Reporting Structure 	013-030 035
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	034
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	034
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	034
102-44	Key topics and concerns raised	<ul style="list-style-type: none"> Sustainability Report > Stakeholder Engagement Sustainability Report > Material Factors > Total Customer Satisfaction 	034 038-039
Reporting practice			
102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> Corporate Structure Financial Contents > Notes to the Financial Statements > Subsidiaries 	003 083-084
102-46	Defining report content and topic Boundaries	Sustainability Report > Policy, Practice and Performance Reporting > Sustainability Reporting Processes	035
102-47	List of material topics	Sustainability Report > Material Factors	036-043
102-48	Restatements of information	None	–
102-49	Changes in reporting	Sustainability factor added: <ul style="list-style-type: none"> Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction 	040-041
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	033
102-51	Date of most recent report	Annual Report 2020 > Sustainability Report	–
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	033
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	033
102-54	Claims of reporting in accordance with the GRI Standards	<ul style="list-style-type: none"> Sustainability Report > Reporting Framework Sustainability Report > GRI Content Index 	033 046-048
102-55	GRI content index	Sustainability Report > GRI Content Index	046-048
102-56	External assurance	We will seek external assurance for our Sustainability reports in the future	–
Management approach			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	036-043
103-2	The management approach and its components	<ul style="list-style-type: none"> Sustainability Report > Board Statement Sustainability Report > Policy, Practice and Performance Reporting Sustainability Report > Material Factors 	031-032 035-036 036-043

Sustainability Report FY2021

GRI standard & disclosure title		Section reference	Page
103-3	Evaluation of the management approach	Sustainability Report > Material Factors	036-043
Category: Economic			
201-1	Direct economic value generated and distributed	• Financial Highlights	002
		• Sustainability Report > Material Factors > Sustainable Business Performance	039
		• Financial Contents > Consolidated Statement of Profit or Loss and Other Comprehensive Income	057
		• Financial Contents > Statement of Financial Position	058
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report > Material Factors > Robust Corporate Governance Framework	043
Category: Environmental			
302-5	Reduction in energy requirements of products and services	Sustainability Report > Material Factors > Energy-Efficient Products	040
302-1	Energy consumption within the organisation	Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction	040-041
302-3	Energy intensity	Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction	040-041
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction	040-041
305-4	GHG emissions intensity	Sustainability Report > Material Factors > Energy Conservation and Emissions Reduction	040-041
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report > Material Factors > Employee Retention	043
403-9	Work-related injuries	Sustainability Report > Material Factors > Occupational Health and Safety	041
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report > Material Factors > Employee Retention	043
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	042
406-1	Incidents of discrimination and corrective actions taken	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	042

FINANCIAL CONTENTS

- 050** Directors' Statement
- 053** Independent Auditor's Report
- 057** Consolidated Statement of Profit
or Loss and Other Comprehensive
Income
- 058** Statement of Financial Position
- 059** Statements of Changes in Equity
- 061** Consolidated Statement of
Cash Flows
- 062** Notes to the Financial Statements

Directors' Statement

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2021.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. DIRECTORS

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

Pang Xinyuan
Dr Knut Unger
Chao Mun Leong

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act 1967 ("the Act") except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of Director		Shareholdings in which Director is deemed to have an interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
<u>The company</u>	<u>Number of shares of no par value</u>			
<u>Brook Crompton Holdings Ltd.</u>				
Dr Knut Unger	10,000	10,000	–	–
Pang Xinyuan	–	–	23,439,519	23,439,519
<u>Ultimate holding company</u>	<u>Capital contribution amount in Chinese renminbi</u>			
<u>Wolong Holding Group Co., Ltd.</u>				
Pang Xinyuan	–	–	312,916,704*	312,916,704*

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

Directors' Statement

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

By virtue of section 7 of the Act, Pang Xinyuan is deemed to have an interest in all related corporations of the company. In accordance with the continuing listing requirement of the Singapore Exchange Securities Trading Limited, the directors of the company state that, according to the Register of Directors' Shareholding, the directors' interests as at 21 January 2022 in the shares of the company have not changed from those disclosed as at 31 December 2021.

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

5. OPTIONS

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. REPORT OF AUDIT COMMITTEE

The members of the audit committee during the financial year and at the date of this statement are:

Chao Mun Leong (Chairman)	Chairman and Independent Director
Dr Knut Unger	Member/Lead Independent Director
Pang Xinyuan	Member/Non-Independent, Non-Executive Director

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Directors' Statement

6. REPORT OF AUDIT COMMITTEE (CONT'D)

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the company.

7. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

Based on the internal controls established and maintained by the group, work performed by the internal and external auditors, and reviews performed by management and other committees of the board, the audit committee and the board are of the opinion that the group's system of internal controls (including financial, operational, compliance and information technology controls), and risk management are adequate as at the end of the reporting year 31 December 2021.

8. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 1 March 2022, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

9. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

On behalf of the directors

.....
Pang Xinyuan
Director

.....
Chao Mun Leong
Director

13 April 2022

Independent Auditor's Report

to the Members of BROOK CROMPTON HOLDINGS LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Brook Crompton Holdings Ltd. (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 December 2021, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended and notes to the financial statements, including accounting policies.

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 1967 (the Act) and the Singapore Financial Reporting Standards (International) (SFRS (I)) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting 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 company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting 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.

Assessment of expected credit loss allowance on trade receivables

Refer to Note 2 for the relevant accounting policy and Notes 21 and 28D for the breakdown of trade receivables and credit risk of the group respectively.

The carrying amount of trade receivables amounted to \$11,419,000 which accounted for approximately 20% of the group's total assets as at the reporting year end.

Determining the amount of allowance requires management's judgement on overdue debts and the amount of collection default based on past collection trends.

The gross amount of trade receivables past due over 3 months amounted to \$1,095,000. An allowance of \$517,000 was made leaving a net amount of \$578,000 that was not provided for as management is of the view that these amounts are recoverable, based on their knowledge of the customers' payment history and credit worthiness.

Independent Auditor's Report

to the Members of BROOK CROMPTON HOLDINGS LTD.

Key audit matters (cont'd)

Assessment of expected credit loss allowance on trade receivables (cont'd)

We have evaluated management's judgement on the recoverability of these amounts via our review of the customers' credit worthiness, payment history and management's assessment of expected credit losses. We have also reviewed management's process over the recoverability of outstanding trade receivables, which included the review of payments made by the customers subsequent to the reporting year end and the review of correspondence with customers to assess the potential recoverability of significant balances not provided for.

We found management's approach to be balanced and the estimates to be reasonable.

We have also assessed the adequacy of the disclosures made in the financial statements.

Assessment of allowance on inventories

Refer to Note 2 for the relevant accounting policy and Note 20 for the breakdown of inventories at the reporting year end.

The carrying amount of inventories amounted to \$16,867,000, which accounted for approximately 30% of the group's total assets as at the reporting year end.

The group's inventory provision policy takes into consideration the inventory ageing profiles, as well as the inventories' sales patterns for the year. Management is of the view that these amounts are realisable, based on their knowledge of the group's operations, the industry and their technical assessment of the inventories.

Determination of the method to use, period to consider, and percentages to apply to aged inventory requires significant management's judgement.

We have evaluated the group's policy for inventory obsolescence and reviewed management's judgement on their technical assessment of the inventories via our understanding of the business environment and our review of the inventories' sales patterns.

We have also reviewed the group's inventory ageing as at the reporting year end, as well as the group's computation for inventory obsolescence and found them to be reasonable. We have compared the carrying values of the inventories to the recent sales invoices and price lists.

We have also assessed the adequacy of the disclosures made in the financial statements.

Other matters

The financial statements for the reporting year ended 31 December 2020 were audited by another independent auditor who expressed an unqualified opinion on those financial statements on 14 April 2021.

Independent Auditor's Report

to the Members of BROOK CROMPTON HOLDINGS LTD.

Other information

Management is responsible for the other information. The other information comprises the statement by directors but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of management and directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- a) 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.
- b) 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 company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

to the Members of BROOK CROMPTON HOLDINGS LTD.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- d) 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 company'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 company to cease to continue as a going concern.
- e) 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.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporation 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 Eu Chee Wei David.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

13 April 2022

Engagement partner - effective from year ended 31 December 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2021

	Notes	Group	
		2021 \$'000	2020 \$'000
Revenue	5	48,087	44,861
Cost of sales		(33,017)	(31,368)
Gross profit		15,070	13,493
Other income and gains	6	875	1,329
Distribution costs	7	(5,933)	(6,136)
Administrative expenses	8	(4,816)	(4,130)
Other losses	6	(387)	(557)
Finance costs	9	(80)	(98)
Other expenses	10	(1,002)	(1,134)
Profit before tax		3,727	2,767
Income tax expense	12	(1,066)	(609)
Profit for the financial year, representing profit attributable to owners of the parent		2,661	2,158
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit pension plans, net of tax		932	(221)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(568)	431
Other comprehensive income for the year, net of tax		364	210
Total comprehensive income for the financial year, representing total comprehensive income attributable to owners of the parent		3,025	2,368
Earnings per share			
Basic and diluted earnings per share (cents)	13	7.5	6.1

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

Statement of Financial Position

As at 31 December 2021

		Group		Company	
	Notes	2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	15	4,795	5,425	133	218
Subsidiaries	16	–	–	19,137	23,204
Intangible assets	17	12	19	12	19
Other receivables	18	–	–	–	–
Deferred tax assets	12	–	411	–	–
Finance lease receivables	19	40	113	–	–
Total non-current assets		4,847	5,968	19,282	23,441
<u>Current assets</u>					
Inventories	20	16,867	15,896	–	–
Trade and other receivables	21	13,614	11,146	5,895	4,848
Prepayments		377	202	8	4
Finance lease receivables	19	76	68	–	–
Cash and cash equivalents	22	21,233	19,279	2,888	3,630
Total current assets		52,167	46,591	8,791	8,482
Total assets		57,014	52,559	28,073	31,923
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	23	149,642	149,642	149,642	149,642
Accumulated losses		(126,921)	(130,514)	(140,591)	(136,785)
Other reserves	24	16,726	17,294	18,650	18,650
Total equity		39,447	36,422	27,701	31,507
<u>Non-current liabilities</u>					
Retirement benefits	25	347	1,414	–	–
Financial liabilities - lease liabilities	26	2,395	3,029	52	137
Total non-current liabilities		2,742	4,443	52	137
<u>Current liabilities</u>					
Provision for warranty		64	95	–	–
Income tax payable		945	679	3	15
Trade and other payables	27	13,092	10,186	232	183
Financial liabilities - lease liabilities	26	724	734	85	81
Total current liabilities		14,825	11,694	320	279
Total liabilities		17,567	16,137	372	416
Total equity and liabilities		57,014	52,559	28,073	31,923

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

Statements of Changes in Equity

Year Ended 31 December 2021

Group	Share capital \$'000	Accumulated losses \$'000	Translation reserve \$'000	Capital reserves \$'000	Total equity \$'000
Current year:					
Opening balance at 1 January 2021	149,642	(130,514)	(1,356)	18,650	36,422
Changes in equity:					
Profit for the financial year	–	2,661	–	–	2,661
Other comprehensive income for the financial year					
Re-measurements of defined benefit pension plans, net of tax	–	932	–	–	932
Exchange differences on translation of foreign operations	–	–	(568)	–	(568)
Total comprehensive income for the year	–	932	(568)	–	364
Closing balance at 31 December 2021	149,642	(126,921)	(1,924)	18,650	39,447
Previous year:					
Opening balance at 1 January 2020	149,642	(131,742)	(1,787)	18,650	34,763
Changes in equity:					
Profit for the financial year	–	2,158	–	–	2,158
Other comprehensive income for the financial year					
Re-measurements of defined benefit pension plans, net of tax	–	(221)	–	–	(221)
Exchange differences on translation of foreign operations	–	–	431	–	431
Total comprehensive income for the year	–	(221)	431	–	210
Dividend paid (Note 14)	–	(709)	–	–	(709)
Closing balance at 31 December 2020	149,642	(130,514)	(1,356)	18,650	36,422

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

Statements of Changes in Equity

Year Ended 31 December 2021

Company	Share capital \$'000	Accumulated losses \$'000	Other reserves \$'000	Total equity \$'000
Current year:				
Opening balance at 1 January 2021	149,642	(136,785)	18,650	31,507
Changes in equity:				
Total comprehensive loss for the year	–	(3,806)	–	(3,806)
Closing balance at 31 December 2021	149,642	(140,591)	18,650	27,701
Previous year:				
Opening balance at 1 January 2020	149,642	(136,266)	18,650	32,026
Changes in equity:				
Total comprehensive income for the year	–	190	–	190
Dividend paid (Note 14)	–	(709)	–	(709)
Closing balance at 31 December 2020	149,642	(136,785)	18,650	31,507

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2021

	Group	
	2021 \$'000	2020 \$'000
Cash flows from operating activities		
Profit before tax	3,727	2,767
Adjustment for:		
Depreciation and amortisation	829	871
Interest expense	80	98
Interest income	(8)	(31)
Write-down on trade receivables, net	–	61
Allowance for impairment on inventories	387	45
(Reversal) allowance for impairment on trade receivables	(67)	477
Loss on derecognition of right-of-use assets	–	20
Provision for warranty	1	11
Retirement benefit plan expense	399	329
Unrealised foreign exchange loss	388	44
Operating cash flows before changes in working capital	5,736	4,692
Inventories	(1,078)	(220)
Trade and other receivables	(1,945)	(1,652)
Prepayments	(175)	107
Trade and other payables	1,368	1,118
Provision for warranty	(35)	(48)
Retirement benefit contribution paid	(229)	(214)
Net cash flows from operations	3,642	3,783
Income taxes paid	(738)	(693)
Net cash flows from operating activities	2,904	3,090
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(83)	(115)
Interest received	1	26
Net cash flows used in investing activities	(82)	(89)
Cash flows from financing activities		
Repayment of obligations under leases	(732)	(681)
Proceeds from finance lease receivables	70	26
Interest paid	(80)	(98)
Interest received	7	5
Dividend paid	–	(709)
Net cash flows used in financing activities	(735)	(1,457)
Net increase in cash and cash equivalents	2,087	1,544
Cash and cash equivalents, statement of cash flows, beginning balance	19,279	17,601
Effects of exchange rate changes on cash and cash equivalents	(133)	134
Cash and cash equivalents, statement of cash flows, ending balance (Note 22)	21,233	19,279

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

Notes to The Financial Statements

31 December 2021

1. GENERAL

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as “parent”) and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activities of the company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

The company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST”).

The registered office is: 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058. The company is situated in Singapore.

Management has considered the market conditions at the end of the reporting year and reviewed the probable impact and plausible downside scenarios, along with its responses as a result of the Covid-19 pandemic. No material uncertainties were identified in connection with the reporting entity’s ability to continue in operational existence for the foreseeable future.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS (I) s”) and the related Interpretations to SFRS (I) (“SFRS (I) INT”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Notes to The Financial Statements

31 December 2021

1. GENERAL (CONT'D)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee. They are de-consolidated from the date that control ceases.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Distribution - The group's distribution business is involved in selling electric motors to wholesalers and retailers. Revenue from the sales of these products is recognised at point in time when the products are delivered to customers. For overseas sales, performance obligations are satisfied when the controls of products is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered). There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the group's revenue transactions as customers are required to pay within a credit term of 30 to 120 days.

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

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

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

Notes to The Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies

Other income

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Certain subsidiaries overseas have arrangements for defined benefit plans. Under the defined benefit plan contributions are set at a level that is expected to be sufficient to pay the benefits falling due in the same period; and future benefits earned during the current period will be paid out of future contributions and the employees' benefits are determined by the length of their service. Such a plan creates actuarial risk for the entity: if the ultimate cost of benefits already earned at the end of the reporting period is more than expected, the entity will have either to increase its contributions or to persuade employees to accept a reduction in benefits.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively.

All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Notes to The Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax.

Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Notes to The Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

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

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment. The annual rates of depreciation are as follows:

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

Notes to The Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded (or included in property, plant and equipment). Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.^{vi}

Leases of lessor

For a lessor each of lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Computer software licences	–	5 years
----------------------------	---	---------

Notes to The Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Inventories

Inventories are measured at the lower of cost (first in first out method) and 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 make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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 the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to The Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment classified as measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at FVTPL: There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are 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.

Fair value measurement

The 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. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Notes to The Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements. The recurring measurements are made at each reporting year end date.

2B. Other explanatory information

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Notes to The Financial Statements

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of expected credit loss allowance on trade receivables:

The assessment of the expected credit losses (ECL) requires a degree of estimation and judgement. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions (including the impact of the Covid-19 pandemic). The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

Assessment of allowance on inventories:

The assessment of the allowance for impairment loss on inventories requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note on inventories.

Measurement of impairment of subsidiary:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the subsidiaries at the end of the reporting year affected by the assumption is \$9,390,000.

Income tax amounts:

The group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

Notes to The Financial Statements

31 December 2021

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Chen Jiancheng.

3A. Members of a group:

Name	Relationship	Country of incorporation
ATB Austria Antriebstechnik AG	Immediate holding company	Austria
Wolong Holding Group Co., Ltd.	Ultimate holding company	People's Republic of China

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	2021 \$'000	2020 \$'000
<u>Immediate holding company</u>		
Recharge of expenses	(9)	(38)
<u>Related parties</u>		
Sale of motors	103	28
Administrative fee income	162	415
Commission income	–	15
License income	429	450
Management fee income	–	89
Purchase of inventories	(24,819)	(25,875)

Notes to The Financial Statements

31 December 2021

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3C. Key management compensation:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Salaries and other short-term employee benefits	623	603	352	219
Post-employment benefits	48	49	15	17
	671	652	367	236

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts do not include compensation if any of certain key management personnel and directors of the company who received compensation from related corporations in their capacity as directors and or executives of those related corporations.

3D. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

Group	Related parties	
	2021 \$'000	2020 \$'000
<u>Other receivables/(other payables):</u>		
At beginning of the year - net debit / (credit)	848	(168)
Amounts paid out and settlement of liabilities on behalf of related parties	1,151	1,016
At end of the year - net debit	1,999	848
<u>Presented in the statement of financial position as follows:</u>		
Other receivables (Note 21)	2,154	1,228
Other payables (Note 27)	(155)	(380)
At end of the year – net debit	1,999	848
Company	Subsidiaries	
	2021 \$'000	2020 \$'000
<u>Other receivables/(other payables):</u>		
At beginning of the year - net debit	4,628	6,310
Amounts paid out and settlement of liabilities on behalf of subsidiaries	959	–
Amounts paid in and settlement of liabilities on behalf of the company	–	(1,682)
At end of the year – net debit (Note 21)	5,587	4,628

Notes to The Financial Statements

31 December 2021

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3D. Other receivables from and other payables to related parties (cont'd):

Company	Related parties	
	2021 \$'000	2020 \$'000
<u>Other receivables/(other payables):</u>		
At beginning of the year - net debit	188	93
Amounts paid out and settlement of liabilities on behalf of related parties	48	95
At end of the year – net debit	236	188
<u>Presented in the statement of financial position as follows:</u>		
Other receivables (Note 21)	274	190
Other payables (Note 27)	(38)	(2)
At end of the year – net debit	236	188

Company	Immediate holding company	
	2021 \$'000	2020 \$'000
<u>Other receivables/(other payables):</u>		
At beginning of the year – net credit	(6)	(1)
Amounts paid in and settlement of liabilities on behalf of the company	(6)	(5)
At end of the year – net credit (Note 27)	(12)	(6)

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

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

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

- Asia Pacific
- United Kingdom
- North America

Notes to The Financial Statements

31 December 2021

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

Sales are based on the region in which the entity is located. Total assets and capital expenditure are shown by the geographical area where the assets are located. The sales in Singapore totalled \$2,878,000 (2020: \$2,319,000).

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

	United Kingdom \$'000	North America \$'000	Asia Pacific \$'000	Corporate \$'000	Total \$'000
Group					
2021					
Total segment sales	25,563	22,182	2,878	–	50,623
Elimination of intersegment sales	(11)	(2,525)	–	–	(2,536)
Sales to external parties	25,552	19,657	2,878	–	48,087
Segment results	2,971	2,706	(109)	(620)	4,948
Interest income	1	7	–	–	8
Interest expense	(52)	(18)	–	(10)	(80)
Depreciation and amortisation	(499)	(233)	(4)	(93)	(829)
Reversal of impairment on trade receivables	67	–	–	–	67
Allowance for impairment on inventories	(75)	(312)	–	–	(387)
Profit (loss) before income tax	2,413	2,150	(113)	(723)	3,727
Segment assets	29,972	12,262	2,595	12,185	57,014
Included in the segment asset:					
Addition of property, plant and equipment	83	55	–	–	138
Segment liabilities	9,476	7,158	562	371	17,567

Notes to The Financial Statements

31 December 2021

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

	United Kingdom \$'000	North America \$'000	Asia Pacific \$'000	Corporate \$'000	Total \$'000
Group					
2020					
Total segment sales	24,443	20,047	2,319	–	46,809
Elimination of intersegment sales	(32)	(1,916)	–	–	(1,948)
Sales to external parties	24,411	18,131	2,319	–	44,861
Segment results	2,480	1,698	153	(581)	3,750
Interest income	26	5	–	–	31
Interest expense	(55)	(29)	–	(14)	(98)
Depreciation and amortisation	(467)	(311)	(3)	(90)	(871)
Allowance for impairment on inventories	(90)	45	–	–	(45)
Profit (loss) before income tax	1,894	1,408	150	(685)	2,767
Segment assets	27,504	18,653	2,241	4,161	52,559
Included in the segment asset:					
Addition of property, plant and equipment	235	41	5	5	286
Segment liabilities	8,824	6,546	352	415	16,137

5. REVENUE

Revenue from contracts with customers

	Group	
	2021 \$'000	2020 \$'000
Sale of electric motors	48,087	44,861

All the contracts are less than 12 months and revenue are recognised based on point in time.

Notes to The Financial Statements

31 December 2021

6. OTHER INCOME AND GAINS AND (OTHER LOSSES)

	Group	
	2021	2020
	\$'000	\$'000
Administrative fee income (Note 3)	162	415
License income (Note 3)	429	450
Management fee income (Note 3)	–	89
Grant income	–	143
Rental income	48	46
Commission income	–	15
Miscellaneous income	114	140
Reversal (allowance) for impairment on trade receivables	67	(477)
Interest income from fixed deposits	1	26
Interest income as lessor of finance leases	7	5
Allowance for impairment on inventories	(387)	(45)
Foreign exchange transactions gains (losses), net	47	(35)
	488	772
Presented in profit or loss as:		
Other income and gains	875	1,329
Other losses	(387)	(557)
Net	488	772

7. DISTRIBUTION COSTS

Major components include the following:

	Group	
	2021	2020
	\$'000	\$'000
Employee benefits expenses (Note 11)	4,050	3,984
Sales commissions	817	715
Transportation and delivery charges	628	542

8. ADMINISTRATIVE EXPENSES

Major components include the following:

	Group	
	2021	2020
	\$'000	\$'000
Employee benefits expenses (Note 11)	2,231	2,241
Audit fee paid/payable to auditors:-		
- Auditor of the company	110	96
- Other auditor	216	139
Non-audit fee paid/payable to auditors:-		
- Auditor of the company	–	4
- Other auditor	14	17
Consultancy fees	254	209
Insurance expenses	294	233

Notes to The Financial Statements

31 December 2021

9. FINANCE COSTS

	Group	
	2021 \$'000	2020 \$'000
Interest on lease liabilities	80	98

10. OTHER EXPENSES

Major components include the following:

	Group	
	2021 \$'000	2020 \$'000
Depreciation and amortisation	829	871

11. EMPLOYEE BENEFITS EXPENSES

	Group	
	2021 \$'000	2020 \$'000
Short term employee benefits expense	5,014	5,037
Contributions to defined contribution plans	868	859
Defined benefits obligation costs	399	329
Total employee benefits expense	6,281	6,225

Employee benefit expenses are charged as follows:

	Group	
	2021 \$'000	2020 \$'000
Distribution costs (Note 7)	4,050	3,984
Administrative expenses (Note 8)	2,231	2,241
	6,281	6,225

12. INCOME TAX

12A. Components of tax expense recognised in profit or loss include:

	Group	
	2021 \$'000	2020 \$'000
Current tax expense		
Singapore	12	20
Foreign	972	584
	984	604
Deferred tax expense	82	5
	1,066	609

Notes to The Financial Statements

31 December 2021

12. INCOME TAX (CONT'D)

12A. Components of tax expense recognised in profit or loss include (cont'd):

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2020: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2021 \$'000	2020 \$'000
Profit before tax	3,727	2,767
Tax calculated at applicable tax rate of 17%	634	471
Effects of different tax rates in other countries	161	46
Tax effect of income not subject to tax	(45)	(220)
Tax effect of expenses not deductible for tax purposes	128	312
Tax incentive and rebates	(24)	(22)
Unrecognised deferred tax assets	212	22
	1,066	609

There are no income tax consequences of dividends to owners of the company.

12B. Deferred tax expense recognised in profit or loss includes:

	Group	
	2021 \$'000	2020 \$'000
Excess of net book value of plant and equipment over tax values	(7)	(200)
Tax loss carryforwards	(83)	298
Provision for warranty	13	(88)
Retirement benefits liabilities	(53)	(27)
Unrecognised deferred tax assets	212	22
Total deferred income tax expense recognised in profit or loss	82	5

12C. Tax expense (income) recognised in other comprehensive income includes:

	Group	
	2021 \$'000	2020 \$'000
Retirement benefits liabilities	336	(87)
Total income tax expense (income) recognised in other comprehensive income	336	(87)

Notes to The Financial Statements

31 December 2021

12. INCOME TAX (CONT'D)

12D. Deferred tax balance in the statement of financial position:

	Group	
	2021 \$'000	2020 \$'000
<u>From deferred tax assets (liabilities) recognised in profit or loss:</u>		
Excess of net book value of plant and equipment over tax values	(73)	(87)
Tax loss carryforwards	125	42
Provision for warranty	90	103
Retirement benefits liabilities	92	375
Unrecognised deferred tax assets	(234)	(22)
Net balance	–	411

The above deferred tax assets for the tax losses have not been recognised as the future profit streams are not probable against which the deductible temporary difference can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

It is impracticable to estimate the amount expected to be settled or used within one year.

13. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share of no par value:

	2021 \$'000	2020 \$'000
<u>Numerators:</u>		
Profit, net of tax attributable to owners of the parent	2,661	2,158
	No. of shares	No. of shares
<u>Denominators: Weighted average number of equity shares</u>		
Basic and diluted ('000)	35,459	35,459

The weighted average number of equity shares refers to shares in circulation during the reporting year.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. There is no difference between the basic and diluted weighted average number of shares.

Notes to The Financial Statements

31 December 2021

14. DIVIDENDS ON EQUITY SHARES

	Dividend per share		Group and Company	
	2021 Singapore cents	2020 Singapore cents	2021 \$'000	2020 \$'000
Final tax exempt (1-tier) dividends	-	2	-	709

The directors have proposed that a final dividend of 2.00 Singapore cents per share with a total of \$709,000 to be paid to shareholders after the annual general meeting to be held subsequent to year-end. There are no income tax consequences on the group and company. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable.

15. PROPERTY, PLANT AND EQUIPMENT

Group	Right-of-use assets \$'000	Freehold land \$'000	Building on freehold land \$'000	Renovation \$'000	Plant, machinery and office equipment \$'000	Total \$'000
<u>Cost</u>						
At 1 January 2020	4,840	931	1,545	183	7,735	15,234
Additions	171	-	-	-	115	286
Derecognition of right-of- use assets arising from sub-lease arrangement	(370)	-	-	-	-	(370)
Effects of movements in exchange rates	112	3	(1)	3	94	211
At 31 December 2020	4,753	934	1,544	186	7,944	15,361
Additions	55	-	16	-	67	138
Effects of movements in exchange rates	38	1	56	-	50	145
At 31 December 2021	4,846	935	1,616	186	8,061	15,644
<u>Accumulated depreciation</u>						
At 1 January 2020	647	-	897	183	7,358	9,085
Depreciation for the year	680	-	40	-	145	865
Derecognition of right-of-use assets arising from sub-lease arrangement	(80)	-	-	-	-	(80)
Effects of movements in exchange rates	13	-	2	3	48	66
At 31 December 2020	1,260	-	939	186	7,551	9,936
Depreciation for the year	664	-	44	-	114	822
Effects of movements in exchange rates	9	-	23	-	59	91
At 31 December 2021	1,933	-	1,006	186	7,724	10,849
<u>Net book value</u>						
At 1 January 2020	4,193	931	648	-	377	6,149
At 31 December 2020	3,493	934	605	-	393	5,425
At 31 December 2021	2,913	935	610	-	337	4,795

Notes to The Financial Statements

31 December 2021

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Right-of-use assets – Leased operating facilities \$'000	Plant, machinery and office equipment \$'000	Total \$'000
<u>Cost</u>			
At 1 January 2020	367	212	579
Additions	–	4	4
At 31 December 2020 and 31 December 2021	367	216	583
<u>Accumulated depreciation</u>			
At 1 January 2020	80	201	281
Depreciation for the year	80	4	84
At 31 December 2020	160	205	365
Depreciation for the year	80	5	85
At 31 December 2021	240	210	450
<u>Net book value</u>			
At 1 January 2020	287	11	298
At 31 December 2020	207	11	218
At 31 December 2021	127	6	133

The depreciation expense is charged to other expenses.

Right-of-use assets

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

Group	Leased operating facilities \$'000	Plant, machinery and office equipment \$'000	Total \$'000
<u>Cost</u>			
At 1 January 2020	4,473	367	4,840
Additions	–	171	171
Derecognition of right-of-use assets	(265)	(105)	(370)
Exchange differences	99	13	112
At 31 December 2020	4,307	446	4,753
Additions	–	55	55
Exchange differences	28	10	38
At 31 December 2021	4,335	511	4,846
<u>Accumulated depreciation</u>			
At 1 January 2020	540	107	647
Depreciation for the year	581	99	680
Derecognition of right-of-use assets	(43)	(37)	(80)
Exchange differences	8	5	13
At 31 December 2020	1,086	174	1,260
Depreciation for the year	344	320	664
Exchange differences	6	3	9
At 31 December 2021	1,436	497	1,933

Notes to The Financial Statements

31 December 2021

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Right-of-use assets (cont'd)

Group	Leased operating facilities \$'000	Plant, machinery and office equipment \$'000	Total \$'000
<u>Net book value</u>			
At 1 January 2020	3,933	260	4,193
At 31 December 2020	3,221	272	3,493
At 31 December 2021	2,899	14	2,913

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

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

16. SUBSIDIARIES

	Company	
	2021 \$'000	2020 \$'000
Unquoted equity shares, at cost	67,284	67,284
Impairment losses	(48,147)	(44,080)
	19,137	23,204
Movements in allowance for impairment:		
Balance at beginning of the year	44,080	44,080
Impairment loss charge to profit or loss	4,067	–
Balance at end of the year	48,147	44,080

Notes to The Financial Statements

31 December 2021

16. SUBSIDIARIES (CONT'D)

The wholly owned subsidiaries are listed below:

Name of subsidiaries	Principal activities	Principal and incorporation place of business	Unquoted equity shares, at cost	
			2021	2020
			\$'000	\$'000
<i>Held by the company</i>				
Brook Crompton UK Limited ⁽¹⁾	Distribution of electric motors	United Kingdom	9,748	9,748
Brook Crompton Limited ⁽²⁾	Distribution of electric motors	Canada	7,084	7,084
Brook Crompton USA, Inc ⁽²⁾	Distribution of electric motors	United States of America	6,372	6,372
Brook Crompton Asia Pacific Pte. Ltd. ⁽³⁾	Distribution of electric motors	Singapore	44,080	44,080
<i>Held through Brook Crompton Asia Pacific Pte. Ltd.</i>				
Brook Crompton Australia Pty Ltd. ⁽⁴⁾	Distribution of electric motors	Australia	*	–
			67,284	67,284

(1) Other independent auditors. Audited by Azets Audit Services Limited, firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(2) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(3) Audited by RSM Chio Lim LLP.

(4) Incorporated in 2021. Not audited as relieved from the requirement to prepare and lodge an audited financial report with the local authorities. The subsidiary is not material to the group.

* Amount is less than \$1,000.

Notes to The Financial Statements

31 December 2021

17. INTANGIBLE ASSETS

Group and Company	Computer software licenses \$'000
<u>Cost</u>	
At 1 January 2020, 31 December 2020 and 31 December 2021	26
<u>Accumulated amortisation:</u>	
At 1 January 2020	1
Amortisation for the year	6
At 31 December 2020	7
Amortisation for the year	7
At 31 December 2021	14
<u>Net book value:</u>	
At 1 January 2020	25
At 31 December 2020	19
At 31 December 2021	12

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

18. OTHER RECEIVABLES, NON-CURRENT

	Company	
	2021 \$'000	2020 \$'000
Amounts due from a subsidiary	2,136	2,136
Loss allowance	(2,136)	(2,136)
	-	-

The debt has been identified to be credit impaired as there is no realistic prospect of a recovery of an amount due from a subsidiary amounting to \$2,136,000.

Notes to The Financial Statements

31 December 2021

19. FINANCE LEASE RECEIVABLES

	Group	
	2021 \$'000	2020 \$'000
Finance lease receivables, non-current	40	113
Finance lease receivables, current	76	68
	116	181

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

Finance income on the net investment in subleases during the financial year is \$7,000. The group has determined that the lifetime expected credit loss ("ECL") is insignificant as at 31 December 2021.

A summary of the maturity analysis of lease payments receivable that shows undiscounted lease payments to be received on an annual basis is as follows:

	Group	
	2021 \$'000	2020 \$'000
Minimum lease payments receivable:		
Not later than one year	80	76
Between 2 to 5 years	40	117
Total	120	193
Unearned finance income	(4)	(12)
Net investment in the leases	116	181

Notes to The Financial Statements

31 December 2021

20. INVENTORIES

	Group	
	2021 \$'000	2020 \$'000
Goods for resale	16,239	15,473
Spare parts	628	423
	16,867	15,896
Inventories are stated after allowance. Movements in allowance:		
At beginning of the year	794	804
Charge to profit or loss included in other losses	387	45
Used	(190)	(61)
Foreign exchange	9	6
At end of the year	1,000	794

In 2021, the cost of inventories recognised as an expense and included in cost of sales amounted to \$33,050,000 (2020: \$31,188,000).

There are no inventories pledged as security for liabilities.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade receivables:</u>				
Third parties	11,283	9,970	–	–
Related parties	653	165	–	–
Less allowance for impairment	(517)	(579)	–	–
Net trade receivables – subtotal	11,419	9,556	–	–
<u>Other receivables:</u>				
Third parties	27	361	30	29
Subsidiaries	–	–	5,587	4,628
Related parties	2,154	1,228	274	190
GST recoverable	14	1	4	1
Net other receivables – subtotal	2,195	1,590	5,895	4,848
Total trade and other receivables	13,614	11,146	5,895	4,848

Notes to The Financial Statements

31 December 2021

21. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group	
	2021 \$'000	2020 \$'000
Movements in above allowance on trade receivables:		
At beginning of the year	579	102
(Reversal) charge to profit or loss included in (other gains) other losses	(67)	477
Foreign exchange	5	–
At end of the year	517	579

The expected credit losses (ECL) on the trade receivables are based on the simplified approach to measure ECL which uses a lifetime ECL allowance approach for all such assets recognised from the initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the Covid-19 pandemic.

The ageing of the assets is as follows:

	Gross amount		Loss allowance	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables:				
Not past due	5,868	4,740	–	–
Past due 1 – 90 days	4,973	3,992	–	–
Past due 91 – 180 days	175	422	(6)	–
Past due more than 180 days	920	981	(511)	(579)
Total	11,936	10,135	(517)	(579)

Concentration of trade receivable customers as at the end of reporting year:

	Group	
	2021 \$'000	2020 \$'000
Top 1 customer	1,643	1,039
Top 2 customers	2,803	1,491
Top 3 customers	3,253	1,995

For other receivables from subsidiaries and related parties, the group and the company assessed the latest financial performance and position of the subsidiaries and related parties, adjusted for future outlook of the industry and jurisdiction in which they operate in, and concluded there has been no significant increase in credit risk since the initial recognition of the non-trade receivables. Accordingly, the group and the company measured the loss allowance using 12-month ECL and determined that the ECL is insignificant as at 31 December 2021.

Notes to The Financial Statements

31 December 2021

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not restricted in use	21,233	19,279	2,888	3,630
Cash and cash equivalents as per consolidated statement of cash flows	21,233	19,279	2,888	3,630

The interest earning balances are not significant.

22A. Non-cash transactions:

	Group	
	2021 \$'000	2020 \$'000
Acquisitions of certain assets under right-of-use assets under lease contracts	55	171

22B. Reconciliation of liabilities arising from financing activities:

Group	2020 \$'000	Cash flows \$'000	Non-cash changes \$'000	2021 \$'000
Lease liabilities	3,763	(732)	88 ^a	3,119
Total liabilities from financing activities	3,763	(732)	88	3,119

Group	2019 \$'000	Cash flows \$'000	Non-cash changes \$'000	2020 \$'000
Lease liabilities	4,249	(681)	195 ^a	3,763
Total liabilities from financing activities	4,249	(681)	195	3,763

Company	2020 \$'000	Cash flows \$'000	Non-cash changes \$'000	2021 \$'000
Lease liabilities	218	(81)	–	137
Total liabilities from financing activities	218	(81)	–	137

Company	2019 \$'000	Cash flows \$'000	Non-cash changes \$'000	2020 \$'000
Lease liabilities	295	(76)	(1) ^a	218
Total liabilities from financing activities	295	(76)	(1)	218

a. Acquisition and foreign exchange movements.

Notes to The Financial Statements

31 December 2021

23. SHARE CAPITAL

	Group and Company	
	Number of shares issued	Share capital
	'000	\$'000
Ordinary shares of no par value:		
Balance at 1 January 2020, 31 December 2020 and 31 December 2021	35,459	149,642

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

There are no external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

24. OTHER RESERVES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Translation reserve	(1,924)	(1,356)	–	–
Capital reserve	18,650	18,650	18,650	18,650
	16,726	17,294	18,650	18,650

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

Capital reserve are non-distributable and represent:

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

Notes to The Financial Statements

31 December 2021

25. RETIREMENT BENEFITS

	Group	
	2021 \$'000	2020 \$'000
Present value of retirement benefit obligations	(3,627)	(4,044)
Fair value of plan assets	3,280	2,630
	(347)	(1,414)

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

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

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

Movement in the present value of retirement benefit obligations:

	Group	
	2021 \$'000	2020 \$'000
Retirement benefit obligations at 1 January	(4,044)	(3,291)
Included in profit or loss		
Current service costs	(354)	(293)
Interest costs	(118)	(111)
	(472)	(404)
Included in other comprehensive income		
Remeasurements - actuarial gain (loss)**	950	(438)
Others		
Benefits paid by the plan	26	101
Effects of movement in exchange rate	(87)	(12)
	(61)	89
Retirement benefit obligations at 31 December	(3,627)	(4,044)

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

Notes to The Financial Statements

31 December 2021

25. RETIREMENT BENEFITS (CONT'D)

Movement in the fair value of plan assets:

	Group	
	2021 \$'000	2020 \$'000
Fair value of plan assets at 1 January	2,630	2,306
Included in profit or loss		
Interest income	73	75
Included in other comprehensive income		
Return on plan assets, excluding interest income*	318	130
Others		
Contributions paid in the plan	241	214
Benefits paid by the plan	(38)	(101)
Effects of movement in exchange rate	56	6
	259	119
Fair value of plan assets at 31 December	3,280	2,630

** Net recorded in other comprehensive income amounting to \$1,268,000 (2020: other comprehensive loss \$308,000).

The plan assets are invested in the following areas:

	Group	
	2021 %	2020 %
Equity	64	64
Bond	31	31
Cash	5	5
Total	100	100

Notes to The Financial Statements

31 December 2021

25. RETIREMENT BENEFITS (CONT'D)

The amounts recognised in the profit or loss are allocated as follows:

	Group	
	2021 \$'000	2020 \$'000
Included in distribution costs	(154)	(127)
Included in administrative expenses	(245)	(202)
Total expenses allocated	(399)	(329)

The principal actuarial assumptions used for the purpose of the actuarial valuation at the end of the reporting year were as follows:

	Group	
	2021 %	2020 %
Discount rate	3.0	2.6
Future pension increment	3.0	3.0
Longevity at retirement age	22.5	22.5

The assumptions relating to longevity used to compute the defined benefit obligation liabilities are based on best estimate of the mortality of plan members both during and after employment based on the published mortality tables commonly used by the actuarial profession in each territory concerned.

For each of the above significant actuarial assumptions, a sensitivity analysis on the defined benefit obligation has been determined based on reasonably possible changes of the assumption occurring at the end of the reporting year, while holding all other assumptions constant:

	Group	
	Decrease \$'000	Increase \$'000
If the discount rate is 1% higher (lower)	502	642
If the expected rate of salary growth (decreases) increases by 0.5%	76	83

Notes to The Financial Statements

31 December 2021

26. LEASE LIABILITIES

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Lease liabilities, current	724	734	85	81
Lease liabilities, non-current	2,395	3,029	52	137
	3,119	3,763	137	218

A summary of the maturity analysis of lease liabilities is disclosed in Note 28E. Total cash outflows from leases are shown in the consolidated statement of cash flows. The related right-of-use-assets are disclosed in Note 15.

Leases for right-to-use assets - the group has a few leases relating to the offices, warehouses, motor vehicles and office equipment. Other information about the leasing activities are summarised as follows - The leases prohibit the lessee from selling or pledging the underlying leased assets as security unless permitted by the owners. There are no variable payments linked to an index. The leases are for terms between 2 to 11 years. The leases do not provide options to purchase the underlying leased assets outright. Certain of the leases provide options to extend the leases for a further term. The weighted average incremental borrowing rate applied to lease liabilities recognised was ranged from 1.75% to 5.50% (2020: 1.75% to 5.50%) per annum.

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Notes to The Financial Statements

31 December 2021

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	4,914	3,054	182	175
Related parties	8,023	6,752	–	–
Trade payables – subtotal	12,937	9,806	182	175
<u>Other payables:</u>				
Immediate holding company	–	–	12	6
Related parties	155	380	38	2
Other payables – subtotal	155	380	50	8
Total trade and other payables	13,092	10,186	232	183

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

28A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	34,963	30,606	8,783	8,478
At end of the year	34,963	30,606	8,783	8,478
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	16,211	13,949	369	401
At end of the year	16,211	13,949	369	401

Further quantitative disclosures are included throughout these financial statements.

Notes to The Financial Statements

31 December 2021

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

28C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

28D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as trade receivables and contract assets. For credit risk on trade receivables, contract assets and other financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 22 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

28E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2020: 60 days).

Notes to The Financial Statements

31 December 2021

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

Group	Less than 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000	Total \$'000
Non-derivative financial liabilities:				
<u>2021:</u>				
Gross lease liabilities	781	2,057	463	3,301
Trade and other payables	13,092	–	–	13,092
At end of year	13,873	2,057	463	16,393

Group	Less than 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000	Total \$'000
Non-derivative financial liabilities:				
<u>2020:</u>				
Gross lease liabilities	801	2,027	1,194	4,022
Trade and other payables	10,186	–	–	10,186
At end of year	10,987	2,027	1,194	14,208

Company	Less than 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000	Total \$'000
Non-derivative financial liabilities:				
<u>2021:</u>				
Gross lease liabilities	90	53	–	143
Trade and other payables	232	–	–	232
At end of year	322	53	–	375

Company	Less than 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000	Total \$'000
Non-derivative financial liabilities:				
<u>2020:</u>				
Gross lease liabilities	90	143	–	233
Trade and other payables	183	–	–	183
At end of year	273	143	–	416

Notes to The Financial Statements

31 December 2021

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28F. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in non-functional currency:

Group	Euro	US Dollar	GBP	Total
2021	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Cash and cash equivalents	878	2,078	1,166	4,122
Trade and other receivables	1,284	3,260	3	4,547
Total financial assets	2,162	5,338	1,169	8,669

Group	Euro	US Dollar	GBP	Total
2021	\$'000	\$'000	\$'000	\$'000
<u>Financial liabilities:</u>				
Trade and other payables	942	695	–	1,637
Total financial liabilities	942	695	–	1,637
Net financial assets at end of the year	1,220	4,643	1,169	7,032

Group	Euro	US Dollar	GBP	Total
2020	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Cash and cash equivalents	675	1,872	1,789	4,336
Trade and other receivables	1,625	1,232	2	2,859
Total financial assets	2,300	3,104	1,791	7,195

Group	Euro	US Dollar	GBP	Total
2020	\$'000	\$'000	\$'000	\$'000
<u>Financial liabilities:</u>				
Trade and other payables	2,172	2,095	4	4,271
Total financial liabilities	2,172	2,095	4	4,271
Net financial assets at end of the year	128	1,009	1,787	2,924

Notes to The Financial Statements

31 December 2021

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28F. Foreign currency risks (cont'd)

Company 2021	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
<u>Financial assets:</u>				
Cash and cash equivalents	1	936	1,111	2,048
Trade and other receivables	–	3,594	33	3,627
Total financial assets	1	4,530	1,144	5,675

Company 2021	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
<u>Financial liabilities:</u>				
Trade and other payables	12	–	–	12
Total financial liabilities	12	–	–	12
Net financial (liabilities) assets at end of the year	(11)	4,530	1,144	5,663

Company 2020	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
<u>Financial assets:</u>				
Cash and cash equivalents	1	917	1,737	2,655
Trade and other receivables	–	3,324	23	3,347
Total financial assets	1	4,241	1,760	6,002

Company 2020	Euro \$'000	US Dollar \$'000	GBP \$'000	Total \$'000
<u>Financial liabilities:</u>				
Trade and other payables	6	–	–	6
Total financial liabilities	6	–	–	6
Net financial (liabilities) assets at end of the year	(5)	4,241	1,760	5,996

Notes to The Financial Statements

31 December 2021

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

28F. Foreign currency risks (cont'd)

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

Group	2021 \$'000	2020 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against Euro with all other variables held constant would have an adverse effect on pre-tax profit of	122	13
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the US Dollar with all other variables held constant would have an adverse effect on post-tax profit of	464	101
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the GBP with all other variables held constant would have an adverse effect on post-tax profit of	117	179

Company	2021 \$'000	2020 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against Euro with all other variables held constant would have a favourable effect on pre-tax profit of	1	*
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the US Dollar with all other variables held constant would have an adverse effect on post-tax profit of	453	424
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the GBP with all other variables held constant would have an adverse effect on post-tax profit of	114	176

* Amount is less than \$1,000.

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year.

Notes to The Financial Statements

31 December 2021

29. EVENTS AFTER THE END OF THE REPORTING YEAR

On 31 January 2022, the group acquired distribution business from Wolong EMEA SRL (incorporated in Italy) to expand the distribution business in Europe after Brexit (withdrawal of the United Kingdom from the European Union). The distribution business acquired will be transferred into a new branch of Brook Crompton UK Limited. The transaction was accounted for by the acquisition method of accounting.

The consideration transferred is as follows:

	\$'000
Goodwill	227
Plant and equipment	64
Trade receivables	837
Inventories	1,374
Trade payables	(1,374)
Provision employee benefits	(115)
Total consideration transferred	1,013

Identified assets and liabilities that relates to distribution business only acquired by Brook Crompton UK Limited. Goodwill arising from the acquisition mainly for transferred of distribution customers based from Wolong EMEA SRL to Brook Crompton UK Limited.

30. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. None of these are applicable to the reporting entity for the current reporting year.

31. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2023
SFRS (I) 1-8	Definition of Accounting Estimates - Amendments to	1 Jan 2023
Various	Amendments to SFRS (I) 1-1 and SFRS (I) Practice Statement 2: Disclosure of Accounting Policies	1 Jan 2023
Various	Annual Improvements to FRSS 2018-2020	1 Jan 2022

Notes to The Financial Statements

31 December 2021

32. COMPARATIVE FIGURES

The financial statements for the reporting year ended 31 December 2020 were audited by other independent auditor (other than RSM Chio Lim LLP) whose report dated 14 April 2021 expressed an unqualified opinion on those financial statements.

33. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain splits, regrouping or reclassifications were made in the balances in the financial statements for last year. The material changes in the balances included the following:

Group	Regrouping / Reclassifications		
	After	Before	Difference
	\$'000	\$'000	\$'000
<u>2020 Consolidated Statement of Profit or Loss and Other Comprehensive Income</u>			
Cost of sales	(31,368)	(31,413)	45
Other income	1,329	1,298	31
Other losses	(557)	–	(557)
Loss allowance on trade receivables	–	(477)	477
Finance expenses	(98)	(116)	18
Other expenses	(1,134)	(1,120)	(14)

Reclassifications have been made to enhance comparability with current year's financial statements. As permitted by the financial reporting standard on the presentation of financial statements the third statement of financial position at the beginning the preceding reporting year is not presented because above splits or regrouping have no material effect on the information in the statement of financial position at the beginning of the preceding period.

Letter to Shareholders

Directors:

Mr Pang Xinyuan
Dr Knut Unger
Mr Chao Mun Leong

Registered Office:

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

To: The Shareholders of Brook Crompton Holdings Ltd.

Dear Sir/Madam

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

1. BACKGROUND

We refer to (a) the Notice of the Annual General Meeting (“2022 AGM”) of Brook Crompton Holdings Ltd. (the “Company”) dated 13 April 2022 (the “Notice of AGM”) accompanying the Annual Report of the Company for the financial year ended 31 December 2021 (the “2021 Annual Report”) in relation to the convening of the 2022 AGM of the Company which is scheduled to be held on 28 April 2022, and (b) Ordinary Resolution 6 in relation to the renewal of the General Mandate under the heading “Special Business” set out in the Notice of the 2022 AGM.

2. THE PROPOSED RENEWAL OF THE GENERAL MANDATE

2.1 The Existing General Mandate

At the General Meeting held on 29 April 2021 (the “AGM”), shareholders of the Company (“Shareholders”) approved the renewal of the General Mandate to enable the Company, its subsidiaries and associated companies to enter into any transactions falling within the categories of ATB Interested Person Transactions described in the Company’s circular to Shareholders dated 29 November 2006.

2.2 Proposed Renewal of the General Mandate

The General Mandate was expressed to continue to be in force until the conclusion of the next Annual General Meeting of the Company, being the forthcoming 2022 AGM. Accordingly, the directors of the Company (the “Directors”) propose that the General Mandate be renewed at the forthcoming 2022 AGM. The particulars of the interested person transactions in respect of which the General Mandate is sought to be renewed remained unchanged.

2.3 Details of the General Mandate

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

2.4 Confirmation of Audit Committee

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

- (a) the methods or procedure for determining the transaction prices under the General Mandate have not changed subsequent to the 2022 AGM; and
- (b) the methods or procedure referred to paragraph 2.4(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Letter to Shareholders

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

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

- (1) The percentage shareholding interest is based on the issued share capital of 35,458,818 shares as at the Latest Practicable Date.
- (2) ATB Austria Antriebstechnik AG ("ATB") is deemed to be interested in the 23,439,519 ordinary shares held under the name of nominee – CGS-CIMB Securities (Singapore) Pte. Ltd.
- (3) Wolong Investments Gmbh (Wolong Investments) holds 100% shares in ATB and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Companies Act 1967 ("the Act").
- (4) Wolong Holding Group Gmbh ("Wolong Holding") is the sole shareholder of Wolong Investments and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (5) Hongkong Wolong Holding Group Co Ltd ("Hongkong Wolong") is the sole shareholder of Wolong Holding and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (6) Wolong Electric Group Co Ltd ("Wolong Electric") is the sole shareholder of Hongkong Wolong and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (7) Zhejiang Wolong Shunyu Investment Co. Ltd ("Zhejiang Wolong Shunyu") holds 32.15% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (8) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Zhejiang Wolong Shunyu and holds 5.17% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (9) Chen Jiancheng holds 48.93% equity interest in WHGCL and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (10) Chen Yanni holds 38.73% equity interest in WHGCL and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (11) Pang Xinyuan is spouse of Chen Yanni and son-in-law of Chen JianCheng, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 164(15) of the Act.

Letter to Shareholders

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

3.2 Abstention from voting

ATB, Wolong and their respective associates (as defined in the Listing Manual) will abstain from voting in respect of the Ordinary Resolution relating to the proposed renewal of the General Mandate at the forthcoming 2022 AGM.

Further, each of the persons mentioned in this paragraph 3.2 undertakes to decline to accept appointment to act as proxies for other Shareholders of the Company at the 2022 AGM or Ordinary Resolution 6 unless the Shareholder concerned shall have been given specific instructions as to the manner in which his votes are to be cast.

4. DIRECTORS' RECOMMENDATION

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

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

6. ADVICE TO SHAREHOLDERS

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

7. SGX-ST

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

Yours faithfully

BROOK CROMPTON HOLDINGS LTD.
Chao Mun Leong

Singapore

The Appendix

1. CHAPTER 9 OF THE LISTING MANUAL

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

The Appendix

- 1.3 Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, an immediate announcement is required where:
- (a) the value of a proposed transaction is equal to or exceeds 3% of the listed group's latest audited consolidated net tangible assets ("NTA"); or
 - (b) the aggregate value of all transactions entered into with the same interested person during the same financial year is equal to or more than 3% of the listed group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year, and shareholders' approval (in addition to an immediate announcement) is required where:
 - (c) the value of a proposed transaction is equal to or exceeds 5% of the listed group's latest audited consolidated NTA; or
 - (d) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed group's latest audited consolidated NTA. The aggregate will exclude any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

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

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

2. RATIONALE FOR THE GENERAL MANDATE

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

The General Mandate would facilitate such transactions with the ATB/Wolong Interested Persons being carried out in a timely manner.
 - (c) If the Company is constantly required to seek Shareholders' approval for transactions with the ATB/Wolong Interested Persons, the Company would have to expand administrative time and resources as well as incur additional expenses associated therewith. The proposed General Mandate would allow such resources and time to be channelled towards the Company's other objectives.
- 2.2 The General Mandate and the renewal thereof on an annual basis are intended to facilitate the ATB/Wolong Interested Person Transactions in the ordinary course of business of the Group which the Directors envisage likely to be transacted with some frequency from time to time with the ATB/Wolong Interested Persons, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Appendix

3. CLASSES OF ATB/WOLONG INTERESTED PERSONS

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

4. SCOPE OF THE GENERAL MANDATE

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

The materiality thresholds are:-

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

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

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

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

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

4.2 Types of Transactions under the Scope of the General Mandate

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

(a) Trading of electric motors and components

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

The Appendix

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

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

(b) Production and sub-contracting services

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

(c) Storage and warehousing of electric motors and components

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

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

(d) Receipt of financial assistance

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

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

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

(e) Management support services

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

The Appendix

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

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

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

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

- (a) Quotations will be obtained from the relevant ATB/Wolong Interested Person and at least two other similar unrelated third party providers to determine if the price and terms offered by such ATB/Wolong Interested Person are fair and reasonable. In determining if the price and terms offered by the relevant ATB/Wolong Interested Person are fair and reasonable, factors such as (but not limited to) quality, specification compliance, track record, experience and expertise, preferential rates, rebates or discounts accorded for bulk purchases may also be taken into account.
- (b) Where it is not possible to obtain quotations from unrelated third parties and in order to determine whether the terms of the transaction with the relevant ATB/Wolong Interested Person are fair and reasonable, the designated approving party will assess whether the pricing and terms of the transaction is in accordance with the Group's usual business practices and pricing policy, the prevailing industry norms and whether they are consistent with the usual margins for the same or substantially similar types of transactions entered into with unrelated third parties. A written recommendation will be submitted to the designated approving parties by the relevant sales or purchasing personnel of the relevant Group Company.
- (c) Threshold Limits

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

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

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

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

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

The Appendix

5.2 Storage and warehousing

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

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

5.3 Financial Assistance

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

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

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

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

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

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

- (a) A register will be maintained by each company within the Group to record all ATB/Wolong Interested Person Transactions which are entered into pursuant to the General Mandate. The annual internal audit plan shall incorporate a review of all ATB/Wolong Interested Person Transactions entered into pursuant to the General Mandate.
- (b) The person authorised to approve those transactions must not have a direct or indirect interest in the transactions. In instances where the authorised person has a direct or indirect interest in any ATB/Wolong Interested Person Transaction, he/she shall not take part in the approval process for such ATB/Wolong Interested Person Transactions. Such ATB/Wolong Interested Person Transactions shall be subject to the approval of such other non-interested persons who are authorised to approve transactions within that threshold limit or the next higher approving authority who has no direct or indirect interest in such transactions.
- (c) On a quarterly basis, the Audit Committee will review all ATB/Wolong Interested Person Transactions.

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

The Appendix

- (d) The Internal Auditor/management of the Company will periodically review the established guidelines and procedures for the ATB/Wolong Interested Person Transactions to ensure compliance. The results of these reviews will be reported to the Audit Committee.
- (e) On the basis of these periodic reviews by the Internal Auditor/management and in the event the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that the ATB/Wolong Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the ATB/Wolong Interested Persons.
- (f) The Audit Committee has the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Company as they deem appropriate.

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

6. DISCLOSURE IN ANNUAL REPORT

Disclosure has been made in the section on Interested Person Transactions in this Annual Report of the aggregate value of transactions in excess of S\$100,000 conducted with Interested Persons (as described in paragraph 3 of the appendix to this letter) pursuant to the existing General Mandate during the financial year ended 31 December 2021 and disclosure shall be made in the Annual Reports for subsequent financial years that the General Mandate continues in force in accordance with the requirements of Chapter 9.

Analysis of Shareholdings

AS AT 22 MARCH 2022

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

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 22 MARCH 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	798	18.79	48,547	0.14
100 - 1000	2,462	57.98	924,010	2.61
1,001 - 10,000	846	19.93	2,834,643	7.99
10,001 - 1,000,000	138	3.25	6,928,719	19.54
1,000,001 AND ABOVE	2	0.05	24,722,899	69.72
TOTAL	4,246	100.00	35,458,818	100.00

TWENTY LARGEST SHAREHOLDERS

(as shown in the Depository Register)

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	23,482,493	66.22
2	DBS NOMINEES PTE LTD	1,240,406	3.50
3	ABN AMRO CLEARING BANK N.V.	711,400	2.01
4	KOH BENG LING	418,897	1.18
5	PHILLIP SECURITIES PTE LTD	290,477	0.82
6	CITIBANK NOMINEES SINGAPORE PTE LTD	272,351	0.77
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	254,957	0.72
8	TAN LEE HUANG	215,000	0.61
9	OCBC SECURITIES PRIVATE LTD	207,751	0.59
10	CHIN MIN KWONG	204,000	0.58
11	TEH CHIN HUAT	178,400	0.50
12	IYER ANJALI SUBRAMANIAN	176,175	0.50
13	GO MEI LIN	140,750	0.40
14	OCBC NOMINEES SINGAPORE PTE LTD	129,168	0.36
15	SEAH CHYE ANN (XIE CAI'AN)	128,000	0.36
16	HO SIOK HWA EILEEN	125,750	0.35

Analysis of Shareholdings

AS AT 22 MARCH 2022

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
17	LOW BOON YONG	120,200	0.34
18	HO SIN CHAN	112,000	0.32
19	CHEW POH KWAN MARGARET	108,500	0.31
20	LIM AND TAN SECURITIES PTE LTD	100,650	0.28
TOTAL		28,617,325	80.72

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2022

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

Analysis of Shareholdings

AS AT 22 MARCH 2022

Note :

- (1) ATB Austria Antriebstechnik AG's ("ATB") interest in the 23,439,519 shares were held under the name of nominees - CGS-CIMB Securities (Singapore) Pte Ltd.
- (2) Wolong Investments Gmbh (Wolong Investments) holds 100% shares in ATB and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Companies Act 1967 ("the Act").
- (3) Wolong Holding Group Gmbh ("Wolong Holding") is the sole shareholder of Wolong Investments and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (4) Hongkong Wolong Holding Group Co Ltd ("Hongkong Wolong") is the sole shareholder of Wolong Holding and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (5) Wolong Electric Group Co Ltd ("Wolong Electric") is the sole shareholder of Hongkong Wolong and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (6) Zhejiang Wolong Shunyu Investment Co. Ltd ("Zhejiang Wolong Shunyu") holds 32.15% shares in Wolong Electric and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (7) Wolong Holding Group Co Ltd ("WHGCL") is the sole shareholder of Zhejiang Wolong Shunyu and holds 5.17% shares in Wolong Electric, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (8) Chen Jiancheng holds 48.93% equity interest in WHGCL, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (9) Chen Yanni holds 38.73% equity interest in WHGCL, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 7(4) of the Act.
- (10) Pang Xinyuan is spouse of Chen Yanni and son-in-law of Chen Jiancheng, and is therefore deemed to be interested in the shares held by ATB by virtue of Section 164(15) of the Act.

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF THE PUBLIC

Based on the information available to the Company as at 22 March 2022, 33.87% of the issued capital of the Company was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

This Notice has been made available on the SGXNET and the following URL: <https://conveneagm.com/sg/brookcrompton2022>

*A printed copy of this Notice will **not** be despatched to members of the Company.*

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Brook Crompton Holdings Ltd. (“AGM” or “Meeting”) will be held by way of electronic means (**via Live Webcast and Web Audio only**) on Thursday, 28 April 2022 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions as set out below:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and the Directors’ Statement and Auditors’ Report for the financial year ended 31 December 2021.
(Resolution 1)
2. To declare a final tax exempt one-tier dividend of 2.0 Singapore cents per ordinary share for the financial year ended 31 December 2021.
(Resolution 2)
3. To approve the payment of Directors’ fees of up to S\$100,000 for the financial year ending 31 December 2022 (31 December 2021: S\$100,000).
(Resolution 3)
4. To re-elect Mr Chao Mun Leong, a director retiring pursuant to Article 104 of the Constitution of the Company. [see explanatory note 1]
(Resolution 4)
5. To re-appoint Messrs RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 5)

AS SPECIAL BUSINESS

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

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

“That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“Chapter 9”) of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in the Appendix to the Company’s letter to shareholders dated 13 April 2022 (the “Letter”), with any party who is of the Classes of Interested Persons described in the Appendix to the Letter, provided that such transactions are carried out in the ordinary course of business and on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Appendix to the Letter (the “General Mandate”);
- (b) such General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

Notice of Annual General Meeting

- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the company to give effect to the General Mandate and/or this Resolution”.
[see explanatory note 2]

(Resolution 6)

BY ORDER OF THE BOARD

Ang Siew Koon
Company Secretary

Singapore, 13 April 2022

Explanatory Notes:-

1. Mr Chao Mun Leong, if re-elected, will be considered as independent for the purpose of Rule 704(8) of the Listing Manual of SGX-ST. If re-elected, he will remain as the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee.
2. Resolution 6 is to renew effective up to the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by the Company in general meeting) the General Mandate to enable the Company, its subsidiaries and associated companies that are considered to be “entities at risk” to enter, in the ordinary course of business, into the types of mandated transactions with specific classes of the Company’s interested persons. The General Mandate which was previously approved by shareholders at the Annual General Meeting of the Company held on 29 April 2021 will be expiring at the forthcoming Annual General Meeting. Particulars of the General Mandate and the Audit Committee’s confirmation (pursuant to Rule 920(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited) in respect of the proposed renewal of the General Mandate, are contained in the Company’s letter to shareholders dated 13 April 2022.

Books Closure Date and Payment Date for Final Dividend

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed on 13 May 2022 for the purpose of preparing the dividend warrants for the final dividend (“Dividend”).

Duly completed registrable transfers received by the Company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 up to 5.00pm on 12 May 2022 (the “Record Date”) will be registered to determine members’ entitlements to the Dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00pm on the Record Date will be entitled to the Dividend.

The Dividend, if approved by the shareholders at the Annual General Meeting, will be paid on 30 May 2022.

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

Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by electronic means and members of the Company will NOT be allowed to attend the AGM in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. This proxy form has been made available on SGXNET and the following URL: <https://conveneagm.com/sg/brookcrompton2022>. A printed copy of this proxy form will **NOT** be despatched to members.

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

Notice of Annual General Meeting

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

1. A member of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch via Live Webcast or listen via web audio only to the proceedings of the AGM via mobile phone, tablet or computer (the “**electronic means**”). In order to do so, the member must pre-register by 3.00 p.m. on 25 April 2022 (“**Registration Deadline**”), at the following URL: <https://conveneagm.com/sg/brookcrompton2022> (the “**BCHL AGM Website**”), to create an account.
2. Following authentication of his/her/its status as a member of the Company, such member will receive an email on their authentication status and will be able to access the Live Webcast using the account created.
3. Members who have pre-registered by the Registration Deadline but do not receive the aforementioned email by 5.00 p.m. on 27 April 2022 should contact the Company at the following email address: **mgt@brookcromptonholdings.com**, with the following details included: (1) the member’s full name; and (2) his/her/its identification/registration number.

Submission of questions prior to the AGM

4. A member of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM by 5pm on 20 April 2022. The Company will endeavour to address questions which are substantial and relevant prior to the AGM via SGXNET on 22 April 2022. Thereafter the minutes of the AGM shall be published on SGXNET within one (1) month after the conclusion of the AGM.
5. To do so, all questions must be submitted no later than the Registration Deadline through either one of the following means:
 - (a) via the BCHL AGM Website; or
 - (b) in physical copy by depositing the same at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058.
6. If the questions are deposited in physical copy at the Company’s registered office and not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member’s full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

Voting by proxy

7. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the Meeting as proxy (“**Proxy Form**”), failing which the appointment will be treated as invalid.
8. The Chairman of the Meeting, as proxy, need not be a member of the Company.
9. The Proxy Form must be submitted through any one of the following means:
 - (a) via the BCHL AGM Website in the electronic format accessible on the BCHL AGM Website; or
 - (b) by depositing a physical copy at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058; or
 - (c) by sending a scanned PDF copy by email to **mgt@brookcromptonholdings.com**,

in each case, no later than 3.00 p.m. on 26 April 2022, and failing which, the Proxy Form will not be treated as valid.

10. In the case of submission of the Proxy Form other than via the BCHL AGM Website, the Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
11. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

Notice of Annual General Meeting

12. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form.
13. In the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
14. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Approved Bank) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

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

Disclosure Of Information

On Directors Seeking Re-Election

Mr Chao Mun Leong is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 28 April 2022 (“**AGM**”) (a “**Retiring Director**”).

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

MR CHAO MUN LEONG	
Date of Appointment	01 July 2016
Date of last re-appointment	25 April 2019
Age	68
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the contribution and performance, attendance, preparedness, participation and candour of Mr Chao Mun Leong for re-appointment as Independent Director of the Company. The Board has concluded that Mr Chao Mun Leong possesses the experience, expertise, knowledge and skills to contribute towards the core competencies and board diversity of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.
Professional qualifications	1. Diploma in Business Administration 1990 2. Graduate in Polymer Technology – Singapore Polytechnic 1976
Working experience and occupation(s) during the past 10 years	1. Managing Director - Profit Velocity Solutions USA. 2012 to 2019 2. VP - Global Sales and Marketing, Walsin Technology Corporation, Taiwan. 2004-2012.
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No

Disclosure Of Information

On Directors Seeking Re-Election

MR CHAO MUN LEONG

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer Yes

Other Principal Commitments* Including Directorships#

Past (for the last 5 years) Independent Director of Profit Velocity Solutions Pte Ltd.

Present CAYTECH International LLP – Partner

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.

a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? No

b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? No

c) Whether there is any unsatisfied judgment against him? No

d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? No

e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? No

Disclosure Of Information

On Directors Seeking Re-Election

MR CHAO MUN LEONG

-
- | | | |
|----|--|----|
| f) | Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No |
|----|--|----|
-
- | | | |
|----|---|----|
| g) | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No |
|----|---|----|
-
- | | | |
|----|--|----|
| h) | Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No |
|----|--|----|
-
- | | | |
|----|---|----|
| i) | Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No |
|----|---|----|
-
- | | | |
|----|--|----|
| j) | Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- | No |
|----|--|----|
- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or

ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or

iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere

in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?

Disclosure Of Information

On Directors Seeking Re-Election

MR CHAO MUN LEONG

- k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? No

Disclosure applicable to the appointment of Director only

Any prior experience as a director of an issuer listed on the Exchange? N.A.

If yes, please provide details of prior experience.

If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

BROOK CROMPTON HOLDINGS LTD.

(Company Registration No. 194700172G)

(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the AGM are set out in the Company's announcement dated 13 April 2022 which, together with the Notice of Annual General Meeting dated 13 April 2022, have been uploaded on SGXNET on the same day. The Notice and Proxy Form of Annual General Meeting can also be accessed at the following URL <https://conveneagm.com/sg/brookcrompton2022> and SGXNET. A printed copy of this Proxy Form will **not** be despatched to members of the Company.
2. A member will not be able to attend the AGM in person. Please see Notes 2 to 8 below for further details.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name) (NRIC / Passport no.) _____
of _____ (Address)

being * a member/members of Brook Crompton Holdings Ltd. (the "Company"), hereby appoint the Chairman of the meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company to be held by electronic means (via live webcast and web audio only) on Thursday, 28 April 2022 at 3.00pm (Singapore time) and at any adjournment thereof.

The proxy shall vote on the Resolutions set out in the Notice of Annual General Meeting dated 13 April 2022 in accordance with my/our directions indicated hereunder.

No.	Ordinary Resolutions	For**	Against**	Abstain**
1	To receive and adopt the Audited Financial Statements and the Directors' Statement and Auditors' Report for the financial year ended 31 December 2021.			
2	To declare a final tax exempt one-tier dividend of 2.0 Singapore cents per ordinary share for the financial year ended 31 December 2021.			
3	To approve the payment of Directors' fees of up to S\$100,000 for the financial year ending 31 December 2022.			
4	To re-elect Mr Chao Mun Leong as a Director of the Company.			
5	To re-appoint Messrs RSM Chio Lim LLP as Auditors.			
6	To approve the renewal of the General Mandate for interested person transactions.			

Notes:

* Delete accordingly

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

Dated this _____ day of _____, 2022

Signature of member(s)

or Common Seal of Corporate Shareholder

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

IMPORTANT: PLEASE READ NOTES OVERLEAF.



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by electronic means and members of the Company will NOT be allowed to attend the AGM in person.
3. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.
4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. This Proxy Form must be submitted through any one of the following means:
 - (a) via the following URL: <https://conveneagm.com/sg/brookcrompton2022> (the "BCHL AGM Website") in the electronic format accessible on the BCHL AGM Website; or
 - (b) by depositing a physical copy at the registered office of the Company at 19 Keppel Road, #08-01 Jit Poh Building, Singapore 089058; or
 - (c) by sending a scanned PDF copy by email to mgt@brookcromptonholdings.com,

in each case, no later than 3.00 p.m. on 26 April 2021, and failing which, this Proxy Form will not be treated as valid.

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

Fold Here

**Affix
Postage
Stamp**

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

Fold Here

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Approved Bank) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

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

Personal Data Privacy

By submitting this Proxy Form appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2022.

A Brighter Future from a **Stable Platform**

ANNUAL REPORT 2021

**BROOK
CROMPTON**

*a **WOLONG** company*

BROOK CROMPTON HOLDINGS LTD.
CO. REG. NO: 194700172G

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

