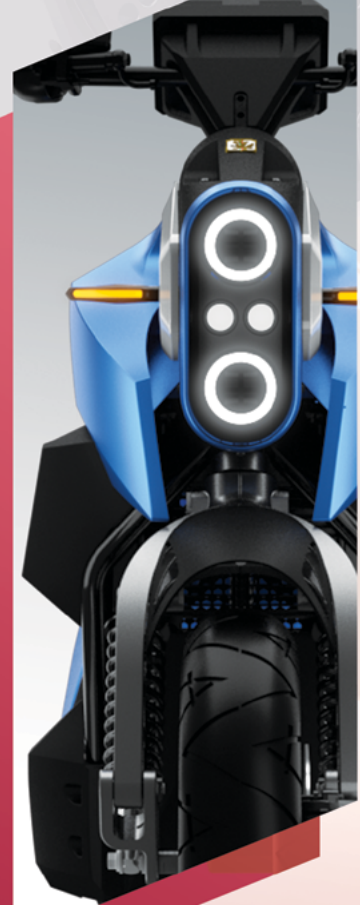




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# Gearing for New Growth

ANNUAL REPORT 2021

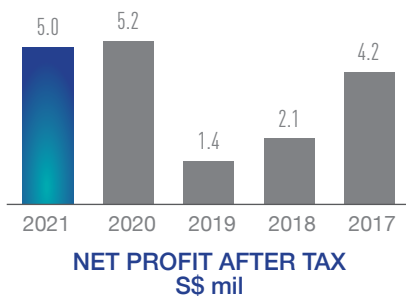
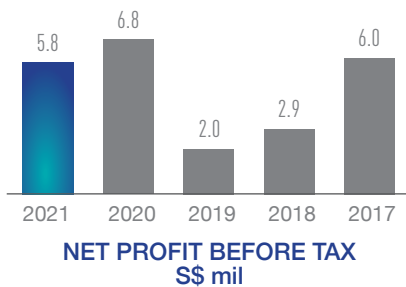
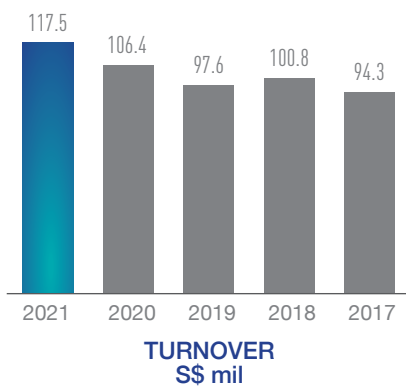
*This annual report has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. ("the Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.*

*The contact person for the Sponsor is Mr Bernard Lui, at Tel: (65) 6389 3000; Email: [bernard.lui@morganlewis.com](mailto:bernard.lui@morganlewis.com)*

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## Financial Performance



	2021 \$ mil	2020 \$ mil	2019 \$ mil	2018 \$ mil	2017 \$ mil
<b>Financial Performance</b>					
Turnover	<b>117.5</b>	106.4	97.6	100.8	94.3
Net Profit Before Tax	<b>5.8</b>	6.8	2.0	2.9	6.0
Net Profit After Tax	<b>5.0</b>	5.2	1.4	2.1	4.2
<b>Financial Position</b>					
Property, Plant & Equipment	<b>23.5</b>	24.5	11.2	11.8	10.1
Other Non-Current Assets	<b>19.9</b>	15.4	18.5	15.9	14.2
Current Assets (excludes*)	<b>67.5</b>	56.7	39.8	43.1	45.9
*Cash and Bank Balances	<b>15.7</b>	7.1	7.2	6.1	4.7
Total Assets	<b>126.6</b>	103.7	76.7	76.9	74.9
Other Non-Current Liabilities	<b>5.8</b>	4.2	1.9	1.5	1.4
Long-Term Borrowings	<b>3.9</b>	4.4	0.0	0.0	0.0
Short-Term Borrowings	<b>14.5</b>	8.8	5.5	5.0	2.9
Other Current Liabilities	<b>37.2</b>	32.4	21.4	23.9	27.5
Total Liabilities	<b>61.4</b>	49.8	28.8	30.4	31.8
Capital Reserve	<b>0</b>	0	0	0	0
Translation Reserve	<b>(0.9)</b>	(0.4)	(1.1)	(0.2)	0.1
Statutory Reserve	<b>1.5</b>	1.4	1.3	1.2	1.0
Revenue Reserve	<b>(3.3)</b>	(8.3)	(13.8)	(15.5)	(17.5)
Equity Non-Controlling Interest	<b>0.1</b>	0.1	0.1	0.1	0.0
Share Capital	<b>63.4</b>	58.6	58.5	58.5	58.5
Total Capital & Reserve	<b>66.3</b>	55.1	48.7	46.9	43.2
Non-Controlling Interests	<b>(1.2)</b>	(1.1)	(0.7)	(0.4)	(0.1)
Total Capital, Reserve & Non-Controlling Interests	<b>65.1</b>	54.0	48	46.5	43.1
<b>Financial Ratios</b>					
Net Tangible Assets Per Share (Cents)	<b>10.5</b>	10.2	9.2	6.5	5.9
Earnings Per Share Before Tax (Cents)	<b>1.00</b>	1.38	0.4	0.6	1.2
Earnings Per Share After Tax (Cents)	<b>0.99</b>	1.13	0.4	0.4	0.9

## Chairman's Message



In last year's annual report, I highlighted the unprecedented challenges faced by our Group with the onset of global COVID-19 pandemic amid our Group's efforts to chart a new business direction. During the last two years of operating with Covid-19, I believe that the Group has demonstrated determination to ensure our geographically dispersed workplaces conformed to respective regulatory measures for staff safety and welfare. Management also responded with revised operational changes to production and scheduling, inventory management, and dealt with supply chain disruptions. These contributed to higher costs and further pressures on gross margins. Under this challenging operating environment, the Group delivered another year of profitability with a sound balance sheet.

The Group continues to rely on income from its precision engineering business. The move towards a higher value-added Original Design Manufacturing (ODM) model is progressing well. Our established customers have been working with us on designs of new products with progressively more intricate models and parts to be supplied from our factories. We were able to better integrate our production with our factories in Batam, Changzhou and Singapore in inter-factory collaboration for the finished products. We expect this cooperation will further continue to develop and grow in the coming years.

The Group's oil and gas business that was "farmed-out" to our Indonesian partner continued to struggle with timely completion of the complex arrangements governing the commercialization of the gas sales and distribution from the completed oil and gas well in Central Java and delays in field works associated with stringent covid measures. We are monitoring and supporting our partner in progressing the commercialization and development of new wells. With the prevailing high global oil and gas prices, we are hopeful the program will be back on track soon.

The Group has successfully acquired Edison Motors, Thailand in line with our strategy to secure additional sources of revenue. This acquisition follows ongoing collaboration with the company in the ongoing development and manufacturing of two-wheeler e-bike from our factory in Batam. We anticipate this new business will yield a modest revenue from this year and will progressively contribute to the Group's overall performance in the years' ahead.

On behalf of the Board of Directors, I would like to record our appreciation to management and staff for their dedication and steadfast efforts in navigating through the challenging business and health environment in pursuit of the Group's business objectives. The outlook for the global economy is uncertain considering recent geo-political developments and the continuing disruptive impact on business and life from the ongoing coronavirus pandemic. We are mindful of our fiduciary responsibility to our shareholders and pledge to continue our efforts to move the Group forward in the years ahead.

### **ANTHONY KUEK**

*Chairman*

*Independent Non-Executive Director*





## Dear Shareholders,

On behalf of the Board of GSS Energy Limited (“GSS Energy” together with its subsidiaries, the “Group”), it is my privilege to deliver our Annual Report 2021 for the financial year ended 31 December 2021 (“FY 2021”).

I am pleased that our Group has recorded another year of profitability in FY 2021, with net earnings after tax of S\$5.0 million. GSS Energy recorded a continuous growth in revenue for FY 2021 at S\$117.5 million, and gross profit increased 0.08% to S\$18.3 million. Our financial performance was mainly supported by our precision engineering business, arising from increased demand for consumer electronics products from our customers’ end-markets.

Overall, the Group’s balance sheet remains healthy. The increase in the inventory for raw materials was driven by higher sales forecasts received from existing customers, longer procurement lead times caused by shipping container shortages, and higher demand for electronic components across the globe. Net gearing has also improved to 39.45% in FY 2021 from 41.80% in FY 2020.

## PRECISION ENGINEERING

With its focus on providing value-added services to existing and potential customers, the precision engineering business has enjoyed positive momentum through higher orders from existing clients and new projects. With demand remaining robust, our factories are running at almost full capacity, with 2021 utilisation rate standing at 90%. Should the need arise, our Group has the option to increase production capacity through the 70,000-square-metre piece of land in Batam, Indonesia, which was acquired in 2019.

Given this strong impetus from our existing projects, we continue to explore new collaborations with partners to provide product conceptualisation and rapid commercialisation of consumer electronic products.

## OIL AND GAS

After the initial discovery of oil in 2018, our Group has farmed out the project and focus our resources on precision engineering. Oakhurst Investment has committed funds for capital and operating expenditures, and the Group is optimistic of potential contributions from the oil and gas investments in the years ahead, when production commences.

## OTHER UPDATES

We are excited by our good progress on the e-mobility business front. Giken’s Mobility’s new Iso UNO-X electric motorcycle has been certified fit for sale and road-worthy in Thailand. The Group intends to launch the first batch of UNO-X electric motorcycles in Bangkok and in ASEAN this year. Our proposed acquisition of Edison Motors in late 2021 offers synergies with our production facilities in Batam, and complements our design and technical capabilities. Coupled with supportive government policies, these factors have facilitated our timely penetration of Thailand’s fast-growing electric motorcycle market. This market, in our opinion, is enormous for us, and we look forward to commencing UNO-X sales soon.

Our strategy is to provide a total solution to the e-mobility market. We hope that through this effort, we can contribute, in a small way, to a better and greener environment. We are a participating member of the United Nations Global Compact, an initiative to promote universal sustainability.

## OUR PARTNERS

I would like to take this opportunity to express my heartfelt appreciation to our Board of Directors, management team and staff for their dedication and contribution despite the hurdles arising from the pandemic. I would also like to thank our customers, suppliers, and business partners for their loyal and valuable support. More importantly, the Group will continue to conduct its business with full attention to fulfilling its corporate social responsibility.

Yours Sincerely,

**MR SYDNEY YEUNG**

*Group Chief Executive Officer*



## Mr Kuek Eng Chye, Anthony

*Chairman; Non Executive and Independent Director*

Anthony Kuek has held senior executive positions in private sector logistics operations, public service career in foreign affairs and finance followed by a variety of senior professional positions in an Asian multilateral bank. He has worked extensively in Asian countries on economic policies and development, project financing and implementation, governance, regulatory and sustainability issues during his professional career. He also held senior consulting assignments in international and government development agencies.

Mr. Kuek joined the Board of GSS Energy Group as Independent Director in November 2014, and appointed Chair of the Board of Directors in November 2016. He is also the Chair of the Nominating and Remuneration Committee and member of the Audit Committee.

Mr. Kuek holds a Master in Business Administration (banking and finance), Bachelor Degree (Honors) in Economics and a Diploma in Adult Teaching and Learning.

### **Date of first appointment as a Director**

18 November 2014

### **Date of appointment as Chairman**

15 November 2016

### **Date of last re-election as a Director**

22 June 2020

### **Board committee membership**

Chairman of Nominating and Remuneration Committees

Member of Audit Committee

### **Academic & professional qualification**

Master in Business Administration degree, Ateneo de Manila University, Philippines;

Bachelor of Social Sciences (Hons, Economics), University of Singapore;

Diploma in Adult Teaching and Learning, University of Canterbury, New Zealand

### **Present directorship other than the company (SGX listed company)**

Nil

### **Present directorship other than the company (non SGX-listed company)**

Nil

### **Major appointment (other than directorship)**

Nil



## Mr Yeung Kin Bond, Sydney

Group Chief Executive Officer;  
Executive Director

Mr Yeung has many years of experience in the financial industry, starting his career in the Institutional Equity Division at Morgan Stanley New York and was the Managing Director of International Trading at Van der Moolen, a US securities specialist firm.

Mr Yeung has been serving as the Group CEO at GSS energy since 2015 focusing on both the Precision Engineering and Oil and Gas business. Mr Yeung is an active member of the Rotary Club in Singapore.

### **Date of first appointment as a director**

31 November 2014

### **Date of last re-election as a director**

26 April 2019

### **Board Committee Membership**

Member of Nominating Committee

### **Academic & Professional Qualification**

Fordham University

### **Present Directorship other than the Company (SGX Listed company)**

Nil

### **Present Directorship other than the Company (Non SGX-Listed company)**

Giken Sakata (S) Limited  
Giken Precision Engineering Pte. Ltd.  
Changzhou Giken Precision Co Ltd,  
Changzhou Giken Technology Co Ltd,  
Changzhou Giken Import & Export Co.,Ltd  
GSS Energy Sumatra Limited  
GSS Energy Trembul Limited  
Giken Motors Asia Pacific Pte. Ltd.  
Turbo Charge Limited,  
Turbo Charge (S) Pte. Ltd.  
Giken Trading (S) Pte. Ltd.  
Giken Mobility Pte. Ltd.  
Edison Motors Co., Ltd<sup>(1)</sup>  
GEV Pte. Ltd.  
I-Motor Asia Limited  
I Motor Korea Co., Ltd  
Roots Capital Asia Limited  
Ares Asia Limited

### **Major appointment (other than Directorship)**

PT Giken Precision Indonesia (Commissioner)  
PT Sarana GSS Trembul (Commissioner)  
Rotary Club, Singapore (Member)

Note:

<sup>(1)</sup> Mr Yeung Kin Bond, Sydney was appointed as Director of Edison Motors Co., Ltd as at 28 February 2022.



## Mr Ng Say Tiong

Executive Director;  
Chief Financial Officer cum Company Secretary

Mr Ng is also the President of the Precision Engineering Division of the Group.

Mr Ng was previously the Chief Financial Officer cum Marketing Director of Genelabs Diagnostics Co Ltd.

Mr Ng currently serves as the Honorary Treasurer of the Singapore Buddhist Lodge.

Mr Ng previously served as the Vice Chairman of the Marsiling Citizen Consultative Committee, Chairman of the Fuchun Community Club Management Committee, Vice Chairman of the Woodgrove Neighbourhood Committee and Honorary Treasurer of the Yishun Junior College Advisory Board.

Mr Ng was awarded a Public Service Medal (PBM) by the President of Singapore in the 2012 National Day award.

### Date of first appointment as a director

31 October 2014

### Date of last re-election as a director

23 April 2021

### Academic & Professional Qualification

Bachelor of Accountancy, National University of Singapore;

Graduate Diploma in Marketing Management, Singapore Institute of Management

Master of Business (International Marketing), Curtin University of Technology in Australia

### Present Directorship other than the Company (Listed company)

Nil

### Present Directorship other than the Company (Non-Listed company)

Giken Sakata (S) Limited (President)

Giken Precision Engineering Pte. Ltd.

Changzhou Precision Co Limited

GEV Pte. Ltd.

Giken Motors Asia Pacific Pte. Ltd.

Giken Mobility Pte. Ltd.

Edison Motors Co., Ltd<sup>(1)</sup>

### Major appointment (other than Directorship)

PT Giken Precision Indonesia (Commissioner)

Note:

<sup>(1)</sup> Mr Ng Say Tiong was appointed as Director of Edison Motors Co., Ltd as at 28 February 2022.





**Mr Lee Kok Beng**

*Executive Director*

Mr Lee has over 30 years of experience in electronic manufacturing services industry and currently serves as the Vice President of Group's Precision Engineering business segment.

**Date of first appointment as a director**

3 July 2019

**Date of last re-election as a director**

22 June 2020

**Academic & Professional Qualification**

Diploma in Mechanical Engineering,  
Singapore Polytechnic

Diploma in Marketing Management, Ngee Ann  
Polytechnic Singapore

**Present Directorship other than the  
Company (SGX Listed company)**

Nil

**Present Directorship other than the  
Company (Non SGX-Listed company)**

Giken Sakata (S) Limited

Giken Mobility Pte. Ltd.

Changzhou Giken Technology Co Ltd

PT Giken Precision Engineering

PT Giken Technology Indonesia

Turbo Charge Limited

Turbo Charge (S) Pte. Ltd

**Major appointment (other than Directorship)**

Nil





**Wong Quee Quee, Jeffrey**

*Non-Executive and Independent Director*

Mr. Wong has been the Chief Executive Officer of SooChow CSSD Capital Markets (Asia) Pte. Ltd. since 2018. Prior to joining SooChow CSSD Capital Markets (Asia) Pte. Ltd., Mr. Wong held various senior positions within the Religare Capital Markets (“RCM”) group, including Chief Operating Officer and Head of Investment Banking for RCM’s international business. Mr. Wong also has preceding working experience at UBS AG, Singapore branch and Allen & Gledhill LLP. Mr Wong graduated with a Bachelor of Laws (Honours) from the National University of Singapore.

**Date of first appointment as a director**

21 June 2021

**Board Committee Membership**

Chairman of Audit Committee; Member of Nominating and Remuneration Committees

**Academic & Professional Qualification**

Chartered Valuer and Appraiser, Institute of Valuers and Appraisers

Solicitor of the Supreme Court of England and Wales

Advocate and Solicitor of the Supreme Court of Singapore

Bachelor of Laws (Honours) (Second Class Upper) from National University of Singapore

**Present Directorship other than the Company (SGX Listed company)**

GKE Corporation Limited

Proccuri Corporation Limited

**Present Directorship other than the Company (Non SGX-Listed company)**

SooChow CSSD Capital Markets (Asia) Pte. Ltd.

**Major appointment (other than Directorship)**

Hwa Chong Alumni Association  
(Deputy Secretary General)

Singapore Judo Federation  
(Assistant Honorary Secretary General)

Management Committee Strata  
Title 3682 (Member)

DHC Capital Pte Ltd (Senior Advisor)



## Mr Fung Kau Lee, Glenn

*Non-Independent and Non-Executive Director*

Mr. Fung has over 30 years of working experience in financial industry in Canada, New York, Korea and Hong Kong. Prior to relocating to Asia, he held management positions with major investment and securities firms including Merrill Lynch (Canada) and CIBC Wood Gundy. As Executive Vice President of HSBC Securities (Canada) and Vice President of HSBC Brokerage (USA), he managed HSBC's investment advisory business in western Canada and California. In Asia, he was co-founder and director of Verde Asia Fund, a corporate social responsibility themed equity long/short fund.

Currently, Mr. Fung serves as the Managing Director and CEO of N-Bridge Capital Group Limited, an investment firm focused on Asia infrastructure and clean energy investments.

### **Date of first appointment as a director**

25 November 2016

### **Date of last re-election as a director**

26 April 2019

### **Board Committee Membership**

Member of Audit and Remuneration Committees

### **Academic & Professional Qualification**

MBA and Bachelor of Applied Science (Civil Engineering), University of British Columbia in Canada;

Member of Chartered Financial Analyst Institute

### **Present Directorship other than the Company (SGX Listed company)**

Nil

### **Present Directorship other than the Company (Non SGX-Listed company)**

N-Bridge Capital Group Limited (CEO)

### **Major appointment (other than Directorship)**

Nil



# Corporate Data

## Board of Directors

Kuek Eng Chye, Anthony  
*(Independent Non-Executive Chairman)*

Yeung Kin Bond, Sydney  
*(Group Chief Executive Officer, Executive Director)*

Lee Kok Beng  
*(Executive Director)*

Ng Say Tiong  
*(Executive Director)*

Wong Quee Quee, Jeffrey  
*(Independent Director)*

Fung Kau Lee, Glenn  
*(Non-Independent Non-Executive Director)*

## Audit Committee

Wong Quee Quee, Jeffrey (Chairman)

Kuek Eng Chye, Anthony (Member)

Fung Kau Lee, Glenn (Member)

## Nominating Committee

Kuek Eng Chye, Anthony (Chairman)

Yeung Kin Bond, Sydney (Member)

Wong Quee Quee, Jeffrey (Member)

## Remuneration Committee

Kuek Eng Chye, Anthony (Chairman)

Wong Quee Quee, Jeffrey (Member)

Fung Kau Lee, Glenn (Member)

## Company Secretary

Ng Say Tiong

Wong Liong Khoon

## Registered Office

1 Harbourfront Avenue,  
#14-07 Keppel Bay Tower,  
Singapore 098632  
Telephone: (65) 6536 5355  
Fax: (65) 6536 1360

## Principal Business Address

Blk 4012 Ang Mo Kio 10, #05-01 Techplace I,  
Singapore 569628

## Company Registration Number

201432529C

## Company Website

[www.gssenergy.com.sg](http://www.gssenergy.com.sg)

## Auditors

BDO LLP, Public Accountants and  
Chartered Accountants, Singapore

## Partner-in-charge

Yeo Siok Yong  
*(Appointed since financial year ended 2020)*

## Sponsor

Stamford Corporate Services Pte Ltd

## Share Registrar, Transfer Office and Warrant Agent

Boardroom Corporate & Advisory Services Pte Ltd  
1 Harbourfront Avenue,  
#14-07 Keppel Bay Tower,  
Singapore 098632

## Principal Bankers

The Development Bank of Singapore Limited  
Mizuho Corporate Bank, Limited, Singapore Branch  
Maybank Singapore Limited  
Standard Chartered Bank, Singapore Branch  
Oversea-Chinese Banking Corporation Limited  
CIMB Bank Berhad, Singapore Branch

## Investor Relations

Gem Comm Pte. Ltd.  
Emily Choo  
[Emily@gem-comm.com](mailto:Emily@gem-comm.com)



GSS Energy Ltd (“**GSS Energy**” or the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) are pleased to present its 5th sustainability report (the “**Report**”), which aims to demonstrate its efforts recognising the importance of environmental, social and governance considerations in creating value for its business and stakeholders. This Report will share information on GSS Energy’s sustainability governance structure, stakeholder engagement as well as materiality processes and results. Sustainability has always been embedded as part of our operating DNA since we incorporated the Company. This Report articulates GSS Energy’s sustainability efforts across all our operations around the world. The scope of this Report covers the Group’s operations in Singapore, Indonesia and China. The principal activities of each entity can be found on pages 113 to 114 of the Company’s Annual Report included in the consolidated financial statements.

This Report is prepared pursuant to the requirements of Rules 711A and 711B of the Listing Manual of the SGX-ST, Section B: Rules of Catalist (“**Catalist Rules**”), and the SGX Sustainability Reporting Guide. The Global Reporting Initiative (“**GRI**”) is an internationally recognized reporting framework that covers an extensive range of sustainability disclosures. We have chosen to report using the GRI Standards because its structured framework promotes reporting a full and balanced picture of the Group’s material matters and the management of its impact. This Report represents the industry practice for tracking performance on a range of economic, environmental, social and governance indicators. Content Index is contained on pages 26 to 29, indicating the location of the applicable disclosures within the Report. For information regarding the governance section, please refer to the Corporate Governance Report in the Company’s Annual Report.

The Report covers our performance with respect to the identified Economic, Social and Governance (“**ESG**”) topics which are material to our Group, that fall within our financial year of reporting – 1 January 2021 to 31 December 2021. Our Report summarises the Group’s progress on material issues in the past year. It has been prepared based on the 2016 GRI standards: Core Option. GRI remains the core of our disclosure as an internationally recognised framework for sustainability reporting, while we also endeavour to comply or explain in line with SGX’s Sustainability Reporting Guide. GRI Standards are partially applied as we think that identifying the most relevant topics and prioritizing the most important ones can better maximize interests for its stakeholders. We consider the Company’s activities, impacts, the substantive expectations and interest of stakeholders before identify economic, environmental and social topics.

Sustainability has been a continuous and ongoing journey for GSS Energy. We strive to create long term value for all our stakeholders. The Group recognises the management of sustainability risks as an integral part of its long term value and sustainable returns to all our stakeholders. We identify and focus on areas of improvement. Our approach to sustainability is guided by several topics: listening to our stakeholders, identifying the key material ESG aspects of our business, and ensuring we have a sustainable framework in place to track our progress. The Group is in the process of enhancing performance measurement mechanisms, commitments and working towards targets in relation to the material ESG topics.

## Board Statement

The Board of directors of the Group (the “**Board**”) is responsible for the long-term strategic direction of the Group and has considered sustainability issues as part of its strategic formulation, determined the material ESG topics and overseen the management and monitoring of the material ESG topics. The Board has ultimate responsibility for the Company’s sustainability reporting. The data and information provided has not been verified by an independent third party. We rely on internal data monitoring and verification to ensure the accuracy of data and information.

As part of our effort to conserve the environment, we have not printed physical copies of this Report. Instead, publication of this Report will be available on SGX website and the Group’s website at [www.gssenergy.com.sg](http://www.gssenergy.com.sg).

### The topics identified and reported are based on the Reporting Principles:

#### *Principle 1 - Stakeholder Inclusiveness*

Identifying the Group stakeholders, engaging them and responding to their feedback and interests.

#### *Principle 2 - Sustainability Context*

Presenting performance in the wider context of sustainability.

#### *Principle 3 - Materiality*

Focusing on issues that impact economic, environmental, and social impact.

#### *Principle 4 - Completeness*

Including material topics to the Group with significant economic, environmental and social impact, so stakeholders can assess our performance in the reporting period.

# Sustainability Report

## Defining Material Issues

Based on a Group-wide materiality assessment, we have outlined our strategic sustainability priorities through these steps:

1. Defining key issues which impact the execution of our business strategy;
2. Identifying the material ESG topics of the respective business areas, industry challenges and impact on the Group's business;
3. Prioritising these critical topics and validate internally as pressing issues to address;
4. Carefully re-examining and analysing the significant of material impacts and their outcomes on our business, stakeholders and the community at large;
5. Embedding best practices within our business operation processes where applicable; and
6. We seek feedback from stakeholders through our day-to-day engagements and consultation with them to establish the direction for sustainability reporting.

## Our Materiality Topics



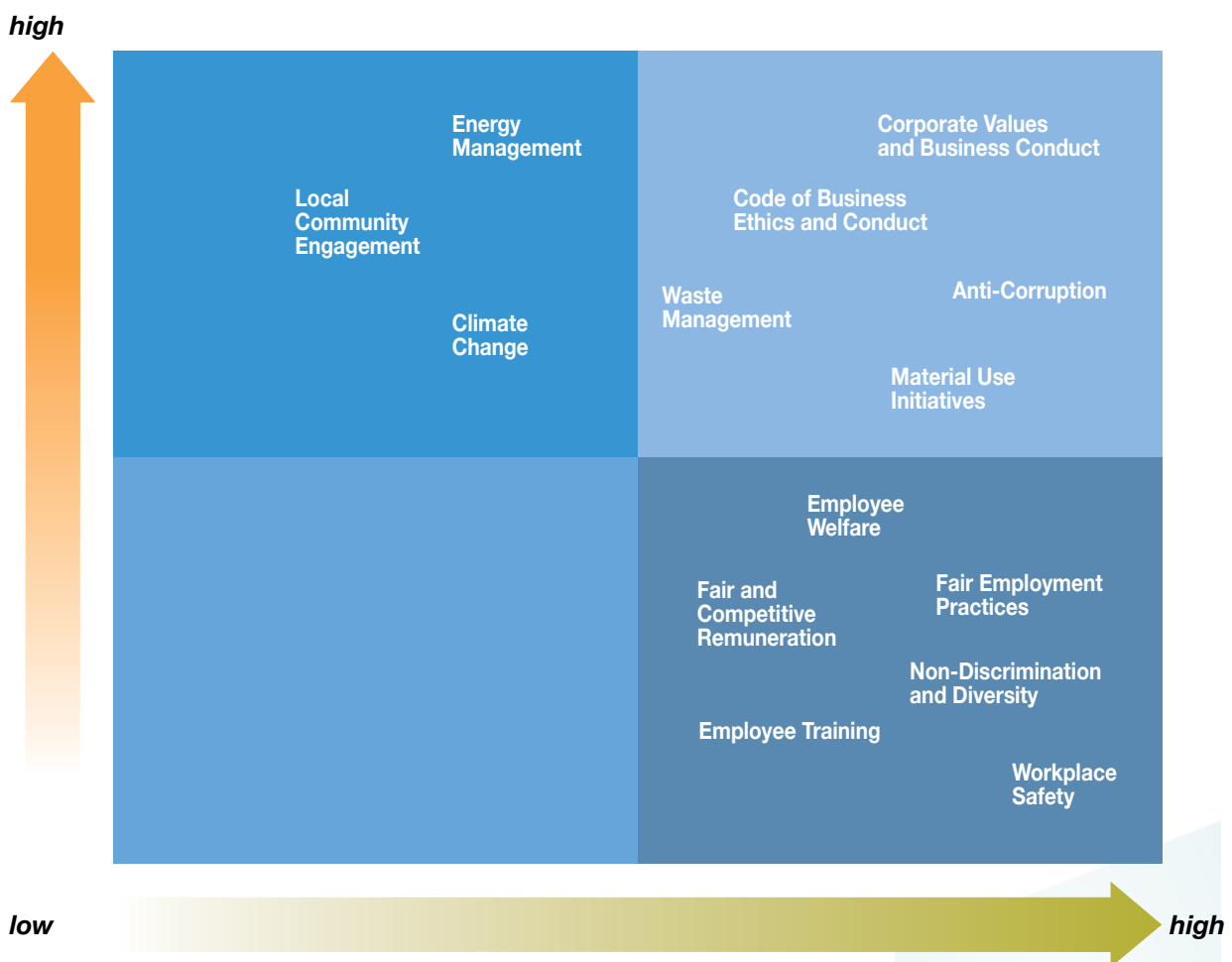
 <b>Governance</b> Corporate Values and Business Conduct Code of Business Ethics and Conduct Anti-Corruption Climate change	 <b>Labour Practices and Conducive Workplace</b> Non-Discrimination and Diversity Fair Employment Practices Fair and Competitive Remuneration Workplace Safety Employee Training Employee Welfare	 <b>Environmental</b> Waste Management Energy management Material Use Initiatives	 <b>Social</b> Local Communities Engagement
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## Materiality Assessment

In our materiality assessment, we have identified 14 ESG topics that are relevant to us. We have re-assessed the four material topics we have reported in the prior year and confirmed that they remained in relevance based on the significance of the ESG topics; their impact on the businesses; and the degree of influence they have on stakeholders' decision.

The following 14 relevant ESG are the topics identified and prioritised



## Stakeholder Engagement

We have continuously engaged with our stakeholders through multiple channels in order to understand their diverse interests and needs. This is crucial as it helps us address their respective concerns and that will improve our products standards, services, business operations and strategically aligned our resources for long term growth and sustainability.

Our stakeholders have been identified as those who are impacted by our business, operations and those who similarly are able to impact our business and operations. These key stakeholders include, but are not limited to, customers, suppliers, employees, investors, government institutions and local communities.

# Sustainability Report

The table below illustrates key stakeholder groups, their engagement activities, expectations and frequency of interactions and our targets under “GSS Energy response”.

Stakeholder group	Objective/Expectations of the stakeholder	Engagement platforms	Frequency of engagement	GSS Energy’s response
<b>Investors</b>	<ul style="list-style-type: none"> <li>Financial profitability</li> <li>Sound Management</li> <li>Transparency</li> <li>Timely reporting,</li> <li>Sustainability efforts</li> <li>Corporate Governance</li> </ul>	• Annual meetings	Annually	<ul style="list-style-type: none"> <li>Ensure transparent communication and regular reporting on financial and non-financial information</li> <li>Maintain open channels for shareholder communication and feedback</li> <li>To review dividend policy</li> </ul>
		• SGX Announcement and Media release	Half-yearly, As required	
		• Meeting analysts and investors	As required	
		• Annual Report	Annually	
<b>Employees</b>	<ul style="list-style-type: none"> <li>Remuneration and benefits</li> <li>Training and development</li> <li>Employee engagement</li> <li>Fair treatment</li> <li>Job security</li> </ul>	• Performance appraisals	Annually	<ul style="list-style-type: none"> <li>Maintain resource support, time-off, compensation, mental health support and financial aid</li> <li>Flexible work arrangement</li> <li>Senior worker early adoption</li> <li>Organize activities to foster team building and social interaction among employees</li> <li>Yearly appraisals to receive feedback from employees on the job and peers.</li> <li>Open communication within the Group</li> </ul>
		• Training courses	As appropriate	
		• Informal feedback	As required	
		• Social and recreational activities	As required	
		• Department and company meetings	As required	
<b>Customers</b>	<ul style="list-style-type: none"> <li>Products quality and services</li> <li>Sustainability efforts</li> <li>Safety standards</li> <li>Customer information confidentiality</li> </ul>	• Email	As required	<ul style="list-style-type: none"> <li>Maintain a communication channel to deliver timely updates on the evolving business circumstances</li> <li>To deliver a quick response whenever any issues arise</li> <li>Deliver timely and based on specification requirement</li> <li>Maintain a robust quality management systems in place</li> </ul>
		• Regular meetings and discussions		
		• Informal feedback	As required	
		• Site visit	As required	
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Financial stability</li> <li>Fair business practices</li> </ul>	• Email	As required	<ul style="list-style-type: none"> <li>Support local suppliers</li> <li>Comply with contract terms for timely payment</li> <li>Maintain a communication channel to deliver timely updates on the evolving business circumstances</li> </ul>
		• Regular meetings and discussions		
		• Informal feedback		
		• Site visit		
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>Community services</li> </ul>	• Charity events	As appropriate	<ul style="list-style-type: none"> <li>Contribute to philanthropic cause and local charity, particularly in terms of old folks and education</li> </ul>
		• Donations		
<b>Government And Regulators</b>	<ul style="list-style-type: none"> <li>Compliance with law and regulations</li> <li>Timely reporting</li> <li>Anti-corruption and bribery</li> </ul>	<ul style="list-style-type: none"> <li>Site visits and checks</li> <li>Meeting and discussions</li> </ul>	As appropriate	<ul style="list-style-type: none"> <li>Compliance with SGX-ST listing rules and regulations</li> <li>Abide by law and regulations in the respective countries where the Group carries out business activities</li> <li>Periodic engagement with regulators</li> <li>Adherence to regulations imposed due to COVID-19</li> </ul>

GSS Energy believes that identifying and monitoring sustainability risks and opportunities is extremely important to the Group's long term business and financial performance. FY2021 was a year of adaptation and adjustments, as we worked hard to overcome operational challenges arising from the COVID-19 pandemic. We will continue to closely monitor our operations to address and adapt with this challenging situation. GSS Energy takes into account the existence of relationships or circumstances including (i) succession planning (ii) environmental pollution (iii) regulatory compliance, and (iv) business sustainability in identifying material ESG factors.

The Group constantly strives to mitigate risks which may arise and capitalises on any potential opportunities that are presented. In FY2021, GSS Energy identified risks arising from the areas that impact both our business and the environment. This table depicts the varying sustainability risks and opportunities that have the potential to impact our long-term operations and strategy planning.

Risks	Opportunities
<b>Economic Outlook</b>	
The COVID-19 pandemic continues to evolve and cause adverse impacts to our markets and impede normal operations. Due to closure of country borders and travelling restrictions, global economic outlook remained uncertain and volatile in FY2021.	The Group closely monitors the COVID-19 pandemic situation in the markets we are operating in and serving. GSS Energy looks toward capturing potential opportunities that may not be present in the past.
<b>Political and Market risk</b>	
The Group has operations with assets and activities in Singapore, Indonesia and China. Respective operation in each country is exposed to changes in government policies and regulations, as well as unfavourable political developments, which may limit the realisation of business opportunities and investments in those countries.	The Group consistently keeps up-to-date on the potential changes in political, economic and industrial developments so as to be able to anticipate and/or respond to any adverse changes in market conditions in a timely manner. There were new customers that came to us due to political instability in the country they were sourcing, and high tariffs imposed on exporting from one country to another. Given the Group's presence in a few territories, we are better able to provide customers with a solution.
<b>Competition risk</b>	
The Group may possibly lose its competitive edge due to new market entrants, the growth of existing competitors as well as the emergence of new and better products.	We do not compromise on the quality of our products and services due to competition. We strive to strengthen competitiveness through product differentiation, market positioning, and leveraging on our brand name, while consistently monitoring and responding to market dynamics. We are continuously undertaking R&D to strive to be at the forefront of our industry.
<b>Environmental Impact</b>	
Given our manufacturing business nature, our facilities bear the inherent environmental pollution risks. Additionally, climate change poses international and local environmental risks to us in the long term. Environmental risk could have social impacts that affect local communities and employees. Furthermore, these risks may damage our corporate brand reputation, and affect customer and supplier relationships.	We will develop more proactive measures and environmental practices and continue to embrace and leverage on technology to improve our processes. The Group also driven by customer's demand for green products.
<b>People retention</b>	
The Group depends on the services of skilled personnel for business continuity. While no individual is indispensable, the loss of specialised skills and the leadership of the key management personnel, could result in business interruptions and a loss of shareholders' confidence.	We provide not only financial incentives, but also opportunities to grow professionally and personally through training and team-building exercises. Cultivating a committed and passionate workforce is always our goal. The training of a team of next-generation leaders for key positions is critical to the continuity of the business which should last beyond this generation.

## Governance

### Corporate Values and Business Conduct

Unethical and Business Ethics and strict disciplinary action will be enforced in the event of violations of this code, including termination of employment in cases of serious breaches, aside from any other legal action such as fines, penalties, imprisonment or claims for damages that may ensue as a result of any breach of prevailing laws and regulations.

#### *Dealing in securities*

GSS Energy reminds all its Directors and officers that they are not supposed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-year financial statements and full-year financial statements ("black-out period"), or if they are in possession of unpublished price-sensitive information of the Company.

The Directors and employees are discouraged from dealing in the Company's securities based on short term considerations. Directors are required to report to the Company Secretaries whenever they deal in the Company's shares. The Company Secretaries update the Register of Directors' Shareholdings and make timely announcements on SGXNET.

### Code of Business Ethics and Conduct

1. Zero-tolerance against corruption, fraud, insider trading, theft or bribery.
2. Compliance with the Company's internal policies, including relating to appropriate disclosures, and internal controls.
3. Maintaining the Company's policies around workplace health, safety measures that might endanger the life of safety of fellow employees and external parties.
4. Committed to fair respectful working conditions without discrimination.
5. General code of conduct in terms of handling of Company property, assets and disclosure of information or trade secrets of the Company without permission.
6. All new hires are required to undergo an orientation program which briefs them on Code of Conduct and Business Ethics as well as the available whistle-blowing channels.

### Anti-Corruption

At GSS Energy, we maintain ethical and governance standards and will not tolerate corrupt practices of any kind in our business operations. Our stakeholders can raise concerns in confidence about improprieties to the Company. Whistleblowing policy with illustrative scope and communication process is published in the corporate webpage for transparent communication to all stakeholders. For more information relating to our corporate governance structure and practices, please refer to the Corporate Governance Report section of our Annual Report 2021. The corporate data information can be found on page 10. The internal audit team conducts annual internal compliance audit at various business units to ensure proper controls are in place and are adhered.

Audit Committee have not received any complaint of corruption or other substantive matters in both 2021 and 2020.

### Climate Change

Climate change and environmental risk is a growing concern. The recent spate of natural catastrophes and the continuing threat of future occurrences, especially in the past few years, may disrupt the Group's manufacturing activities and/or logistics arrangements, resulting in economic losses.

GSS Energy will embark on strategic reviews on key areas, such as infrastructure and logistics, to minimise the business impact of untoward events and to develop more proactive measures and environmental practices and continue to embrace and leverage on technology to improve processes.

To demonstrate our commitment towards climate action, our Company participated in the annual Earth Hour which was held on 27 March 2021 to switch off or dim the lights in our premise in Singapore office.

The physical impacts of climate change can compound existing environmental risks to operations, supply chains and markets, and impact our ability to obtain key inputs or meet our customers' needs. This impact may include disruption to upstream suppliers, manufacturing sites, and downstream warehousing and distribution. The transition to a low-carbon future may also impact the cost of inputs used in product manufacturing and customer demand preferences. At GSS Energy, we do a corporate-level qualitative assessment of climate-related risks and opportunities across the value-chain under different climate change scenarios analyzing climate impacts to understand the financial consequences and determine materiality.

Given that the Group's principal activities are largely involved in manufacturing, energy consumption is significant arising from production activities, resulting in higher carbon emissions. Higher energy consumption generates Greenhouse Gas emissions which contribute to the climate change and rising sea levels. We remain committed to reduce emissions out from our production activities. The Group continues to advocate and adopt sustainable development methods and offerings to reduce our environmental impact. Beyond 2021, we will continue to assess and disclose exposure to climate impacts and their implications in our financial statements.

FY2021 Targets	FY2021 Performance
Anti-Corruption - promote the importance of anti-corruption and maintain zero corruption and fraud incident across the Company's core operations	Achieved. There was no complaint or report pertaining to financial or other substantive matters.
Compliance with SGX-ST Listing Rules and timely release of information to the shareholders of the Company	Achieved. No reprimand or regulatory action by the SGX-ST.
High performance of Board of Directors – review composition and size of Board by NC on a yearly basis, and develop an engaged Board where directors ask questions and challenge management of the Company	Achieved. Result of Board evaluation assessment is satisfactory.
Compliance with relevant laws and regulations	Achieved.
No SGX reprimands or notices of compliance	Achieved.
Material Topics	FY2022 Targets
Enterprise Risk Management Framework (“ERM”)	Continue to strengthen risks identified in the ERM.
Anti-Corruption	Maintain. We will continue to adopt a zero-tolerance approach to any form of bribery and corruption and will not hesitate to take any action against such acts.
No incident of legal non-compliance	Maintain.



## Labour Practices and Conducive Workplace

GSS Energy's human resources philosophy is to put employees at the heart of the organisation, and understands the value and importance of its human capital. They are the main driving forces behind the success of our business. We continuously strive to develop and engage our employees to their fullest potential so as to enable them to continue to contribute to the growth of the Group.

Our employees play a part in contributing to our business success, branding, presence with our external stakeholders such as customers, suppliers, regulator and shareholders. Without their contribution, we will not be able to provide top-notch services. Hence, a good human resources framework in place will help to keep our employees motivated at work.

As part of our human rights policy, we treat all employees with respect and dignity and give fair treatment, irrespective of gender, nationality, race or religion.

Our approach to developing human capital and retaining talent is characterised by our three core principles:

- (i) We adopt fair labour practices and have zero tolerance towards discrimination;
- (ii) We invest in the training and development of our employees to enhance their competencies; and
- (iii) We provide our employees a safe and conducive working environment for them to excel in their fields.



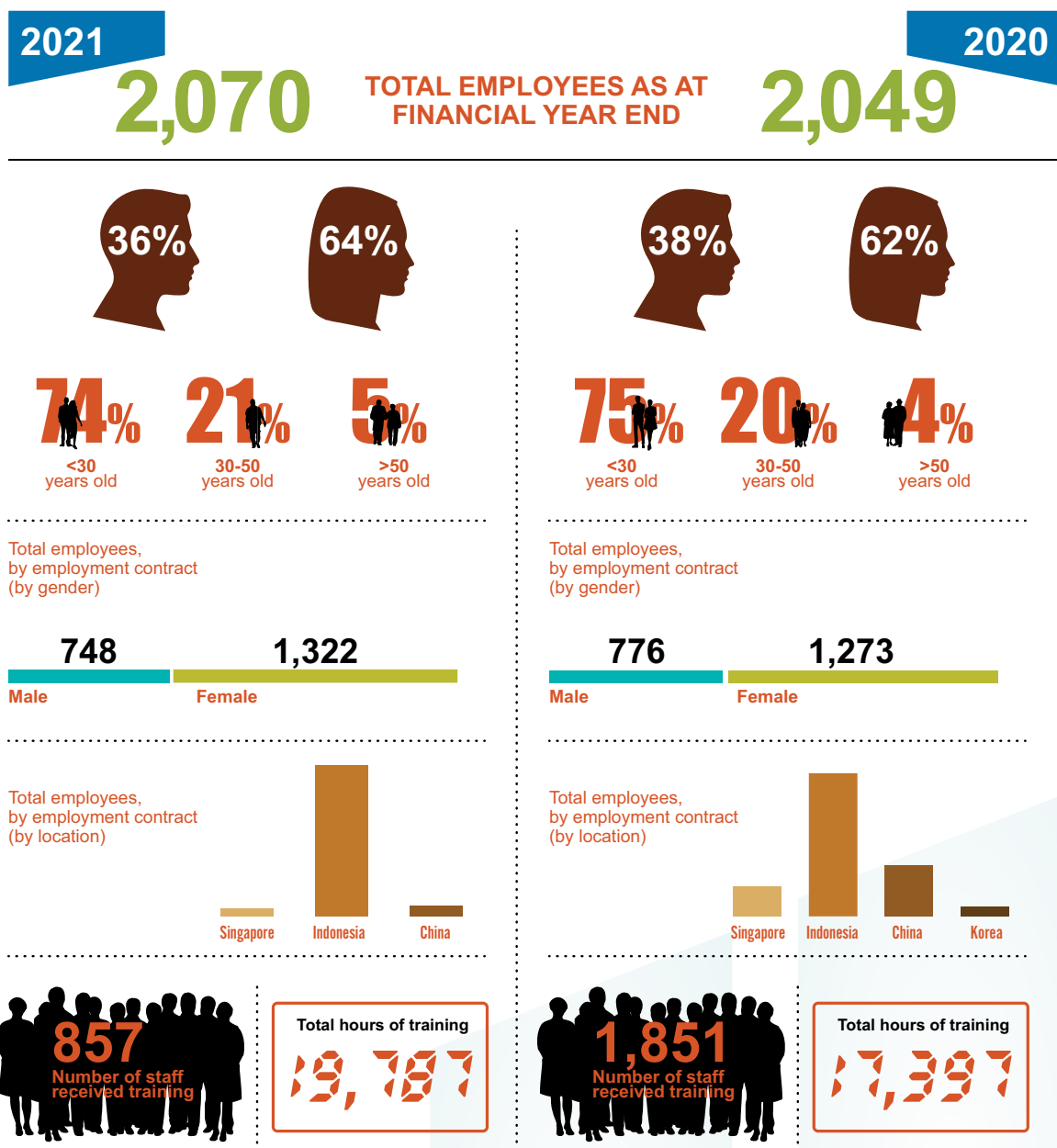
### Non-Discrimination and Diversity

The Group advocates equal opportunity, as well as gender, racial and age diversity. Our employees are selected based on merit and talent. The quality of our people is essential to the success of our Group. We work to maintain an effective and healthy organisation, resource talented people across the business, develop our people, grow and strengthen our leadership capabilities, and enhance employee performance through strong engagement. We are committed to providing an inclusive, safe working environment with equal opportunities for continual development. We embrace diversity in gender, age, race, nationality, values, background and focus on the skills, energy and creativity of a diverse group. Any form of discrimination based on distinguishing characteristics is not tolerated.

As at the end of FY2021, the Group employed a total of 2,070 employees in Singapore, Indonesia and China.

## Demographics of employees

On gender diversity, given the nature of the work in our industry in which a substantial portion of our work force are deployed in the manufacturing operations, the gender balance tends to weigh stronger on the females. The percentage of female employees has remained largely stable and as at end of 2021, 64% of our workforce are female employees.



# Sustainability Report

## Fair Employment Practices

We regularly review employees compensation, medical benefits and other fringe benefits according to our industry benchmarking. This includes their job satisfaction which keep our retention rate low that reflects the Group's sound employer-employee relations. We are committed to create a conducive environment for their mental and physical well-being.

The Group has pledged to uphold the Fair Employment Practices governed by the Tripartite Alliance for Fair Employment Practices ("TAFEP"), formed by the Ministry of Manpower, Singapore National Employers Federation and National Trade Union Congress. Pursuant to the pledge, we are committed to fair and inclusive workplace for all, based solely on merit and ability and governed by progressive human resource practices. Employees are provided with equal opportunities for progression within the organisation, training and development and other enrichment opportunities.

There has been no retrenchment that resulted in the loss of jobs in the past five years.

## Fair and Competitive Remuneration

The Group recognises the importance to attract and retain skilled and dedicated workforce to build strong human and organisational capital that enable the Group's business growth. We align remuneration with internal parity and market benchmarks based on employees' job scope, responsibility and performance. We show our care through comprehensive welfare and benefits schemes, including but not limited to dental benefits, medical coverage and other fringe benefits.

## Workplace Safety

Safety risks are inherent in workplaces and will be relatively higher in manufacturing and supply chain functions where plant and machineries are operated. Our Group places workplace safety and health at the forefront of our business process. We have zero tolerance where workplace safety is concerned. In line with our culture of zero tolerance safety is concerned, we have implemented a robust workplace safety and health management system in place that demands us to adhere to relevant legal and regulatory requirements and recognised industry standards. Real-life incidents are used as discussion material for understanding of existing and predicted risks within their work activities.

The table below presents the Group's safety statistics for Year 2021:

	FY2021	FY2020
Workplace injury	15	10
Yearly Major Accident	1	0
Fatal Cases	0	0

There was no fatality, occupational disease and high-consequence injury in FY2021. There were 16 minor workplace injury cases reported involving 12 female and 4 male workers which resulted in a loss of 48 man- days of which 7 were injuries sustained due to mishandling of machinery, 3 were trip and fall incidents. We continue to endeavour to control the rate of work-related injury or deaths to zero. The Group has in place a safety committee at all manufacturing plants and will hold meeting to review root cause of injury cases, discuss any violations and propose improvements at least once a year. These meetings will be attended by functional representatives from production, maintenance, warehouse, human resource and quality assurance department.

This year the Group has continued to focus on workplace safety in response to the COVID-19 pandemic to ensure a safe working environment, the Group has formed a dedicated committee to oversee and enforce prevention and control measures.

These measures as the followings:

1. Temperature screening and recording, before enter to office;
2. Masks to be worn at all times during working hours;
3. No cross interaction between employees in different departments and shift;
4. Adoption of flexible work arrangement for employee to work remotely;
5. Face masks and disinfectants be provided in office; and
6. Use of "Safe entry" app for employees tracing purpose in Singapore offices.



## Temperature Screening

Temperature check prior to entering our premises. Personnel (including employees and visitors) who are unwell (including having a fever upon temperature screening) will be refused entry.

## Fire Safety

Our employees are trained on fire safety hazard processes at all our business units. Regular fire drills and evacuation exercises are conducted in accordance with ISO 14001:2015 standards. We track and report industrial accidents and injuries in accordance with the Ministry of Manpower guidelines and file work-related claims accordingly, with all our employees strictly adhering to reporting procedures concerning all work-related injuries. Our staff represent our Group's most important assets and we strive continuously to create a safe and healthy working environment for all our employees to thrive in.



## Safe Distancing

Physical spacing of at least 1 metre between all persons at meeting rooms, work areas, workstations and factory canteen (shown as above), and clear demarcation of safe physical distances using visual indicator.

# Sustainability Report

## Employee Training

We believe in nurturing our employees to raise our employees' learning and development capacity, yielding a capable and more agile workforce. To support this belief, we provide on-the-job trainings whenever possible. Aside from on-the-job training and relevant skills upgrading, we also provide opportunities for our employees to gain knowledge and skills beyond their job functions or requirements such as external courses on supervisory and problem-solving skills and language enhancement. All training processes are closely monitored and tracked by line managers and the human resource department to ensure that our employees' learning and development needs are adequately met. We do not engage in child labour and when we recruit our staff, we will abide by the minimum legal age requirement set by relevant employment regulations.

Job rotation serves as an effective tool as part of the succession planning and motivates employees to broaden their skill sets, diversify their current job roles, and rejuvenates their interest to keep on learning through tackling different challenges.

## Employee Welfare

Staff welfare and well-being is also a key component of our management ethos. Our employees are entitled to health care benefits under the Group's hospitalization insurance plan, including medical care and dental care. Personal Accident Insurance Policy and Workmen Compensation Policies with disability coverage are also provided.

The Group understands the importance of the well-being and work-life balance of our employees. The COVID-19 pandemic has been around since the beginning of 2020 and that impede our effort to carry out programmes due to the restrictions imposed by COVID-19 pandemic

FY2021 Targets	FY2021 Performance
Employment practice – no incident of unfair employment or employee discrimination	Achieved.
Employee welfare – to promote healthy lifestyle that favours active living and sports	Due to restrictions imposed by COVID-19 pandemic, our physical healthy lifestyle programme has been suspended.
Work arrangement – to adopt internal retirement age of 65 for our Singapore entities	Achieved. We have adopted the said-policy.
Work arrangement – to offer flexible work arrangement to employees	Achieved. We continue to offer flexible work arrangement to employees.
Workplace Safety – conduct fire drills and evacuation exercise at least once per year, and reduce fatalities and workplace accidents to zero	Achieved.
Clear employees' rights set out in Staff Handbook to be distributed to all employees	Achieved.
Average of 5 hours of training per employee per year	Achieved. We will continue to advocate the importance of training and encourage employees to attend seminar or townhall in the area that is relevant to their work.

Material Topics	FY2022 Targets
Employee welfare	To promote healthy lifestyle that favours active living and sports where possible. With the ease of COVID-19 restrictions, organisation of physical activities are now more feasible, we will resume our monthly healthy lifestyle activity when time is appropriate. The Organising committee will continue to share tips and encourage our staff to maintain good health.
Workplace Safety	Maintain. Conduct fire drills and evacuation exercise at least once per year.
Workplace Safety	Aim to reduce fatalities and workplace accidents to zero.
Work arrangement	Maintain. We will continue to offer greater support to employees who need to manage work responsibilities alongside personal commitments.
Achieve zero incidents of non-compliance with local COVID-19 laws and regulations	Notwithstanding the gradual easing of restrictions, we will continue to implement safe management measures to ensure that operations are in strict compliance with local COVID-19 laws and regulations.



## Environmental

At GSS Energy, we aim to minimise the impact our businesses have on the environment and its preservation. We are committed to environmental protection, reducing carbon emissions, preventing pollution, minimising wastage and utilising our resources efficiently. We have put in place ISO14001 Environmental Management System for all business units to manage our environment responsibilities in a systematic manner. We review our environmental management program (“EMP”) implemented at various business units on a yearly basis. Aspects with the highest impacts on environment and safety are chosen for EMP. In order to ensure that the environmental policy bears fruit, we make sure that our employees are fully aware of it and provide training and supplemental training, where necessary to ensure it is embedded in our culture.

### Waste Management

Various environmental initiatives are introduced within the Group along the way. This include after oil separation and precipitation treatment, waste water is connected to urban underground sewage pipes and then treated by sewage treatment factory and discharge after reaching the standard. Garbage is classified before disposal. Hazardous wastes are stored in special place and treated by qualified agent in accordance with the requirements so as to prevent pollution.



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Air sampling is a necessary process that plays an important role in producing a safe working environment for workers. Employees can face fatal consequences caused by certain atmospheric contaminants like toxic gases.

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Water is collected through drains in the surroundings of our factories to ensure the waterways are free of pollution.



# Sustainability Report

In 2021, our China subsidiary upgraded its wastewater treatment to improve its performance and simplify maintenance, while addressing potential environmental and safety concerns related to the handling of chemicals and hazardous waste. Manual processes are no longer required. Instead of generating large volumes of waste sludge that require further treatment before sending to landfill, it produces dense pellets that can be recycled. This project not only reduces operational and disposal costs, but also helps to minimize our impact on the environment and reduce the risks for people. Since implementation of this new wastewater treatment system, we have seen a saving of about 55% in expenses associated with this treatment process. Our workers can also enjoy working in a more conducive environment.



Annually, GSS Energy carries out ammonia leakage and oil spill drill refresher training. Training is one of the critical aspects of a sound spill response plan. The aim of the drill is to allow the team to recap on the procedures of the containment of spillage so the team can respond swiftly and calmly should any spillage occur. The drill is conducted in the following sequence:

1

Assess the risk: Any staff who witness the spillage should inform the area supervisor who will alert the emergency response team (“ERT”), while the rest of the employees should cordon off the spill area.



2

Spillage response: ERT follows the protocol on identifying and assess the spillage, donning of proper personal protective equipment, and take appropriate actions to stop, clean and decontaminate spill area and dispose the waste



3

Incident reporting/investigation: ERT will investigate the cause of spillage and report to the factory manager. The production manager should adopt the incident reporting, investigate procedures and take necessary corrective actions.



During FY2021, the Group had no incidents of non-compliance with environmental laws and regulations in its operations in China, Indonesia and Singapore. The Group conducts businesses in a manner that respects the environment by minimizing the negative environment impact. GSS Energy is committed to protecting the environment and actively implements measures to meet relevant regulations. Employees are trained and encouraged to support these initiatives.

## Energy Management

The growth of renewable energy production continues to be driven by political determination to create a low carbon economy and increase access to energy. We have knowledge and experience that is valuable in shaping and driving this agenda. In FY2021, the Group's China subsidiary has commissioned the installation of solar panels on the rooftop of its factory. In turn, this will generate 675KW of energy to supplement its operating activities, cut down the usage of electricity and provide an expected annual energy savings of up to 18%. Such measures are expected to result in lower energy use intensity in the future. Installation works are targeted to be completed by June 2022. We remain committed to improve our emission footprint by implementing an array of energy efficiency initiatives such as monitoring our energy usage and implementing basic measures in some of our offices such as switching off air-conditioner when usage is low and substituting non-LED lightings in our operating environments that can further help to reduce energy costs. Subsequently, the Group will progressively implement such initiatives to its production plants in Indonesia and Singapore as much as possible.

We remain committed to building a more sustainable future in Singapore and overseas and will continue to improve our business and operations to deliver long-term, sustainable value to our stakeholders

## Material use initiatives

Our plastic injection moulding operations in Indonesia and China work closely with our customers in selecting engineering pellets/resins to produce the parts. Some of our customers allow or specify the use of recycled engineering resins. The recycle materials could be purchased or generated internally. Tests are conducted, properly documented and approved by customers before it is used in production. Plastic scraps and runners that are generated can be grinded to use for manufacturing or sold to the recycling company for re-palletising which can be mixed with virgin materials for manufacturing of products based on defined ration approved by the customers.

FY2021 Targets	FY2021 Performance
5% of input materials for plastic injection	Achieved.
Zero ammonia leakage and oil spill across business operation	Achieved.
Zero cases of improper disposal of waste across business operation	Achieved.
Re-use packing materials for the next delivery after having sent products to local customers by company's own transportation	Achieved.

Material Topics	FY2022 Targets
Zero cases of improper disposal of waste across business operation	Maintain.
Zero ammonia leakage and oil spill across business operation	Maintain.
5% of input materials for plastic injection	Maintain. The Group targets to maintain the use of recycled materials at 5%. Due to the nature of plastic injection business, recycling of material is subject to the approval from respective customers. We reduce electronic and manufacturing waste by standardising products and processes, increasing the generality or modularity of components. All waste materials are to be collected at designated recycling bins for recycling.

# Sustainability Report

## Social

### Local Community Engagement

GSS Energy believes it is our responsibility and privilege to serve the communities we operate in, and we are committed to distributing part of the economic value we generate back to the communities.

In FY2021, our volunteerism programs remained affected by COVID-19 restrictions, and we were not able to attend physical Corporate Social Responsibility (“CSR”) events. However, this did not stop us from contributing to help others who are in need. We made monetary donations to fund a series of events such as Chinese New Year celebration, Mid Autumn festival and Valentine’s day at ALL Saints Home.

Material Topics	FY2022 Targets
Corporate Social Responsibility	We encourage our staffs to participate at least one community engagement event supported by the Group

Our subsidiary in Indonesia volunteered to administer vaccination programmes to fight COVID-19 pandemic. Apart from providing free vaccines to its workers, this is also extended to their family members and neighbouring factories during the year. The Company bore all administration and support personnel costs.

### Assurance

We did not obtain external assurance for the Report. The statistical data disclosed in this report are derived from our own statistics. We have relied on our internal verification mechanisms for accuracy of the Report. GSS Energy confirms the policy, practice and performance data presented in this report are obtained from official documents and operational statistics derived from various business units. Our financial statements have been independently audited. We will adopt a phased approach to our reporting, making progressive improvements to our reporting process.



### Feedback

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and results. All queries can be addressed to [feedback@gssenergy.com.sg](mailto:feedback@gssenergy.com.sg).

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103-2	The management approach and its components	Non-Discrimination and Diversity	18
103-3	Evaluation of the management approach	Non-Discrimination and Diversity	22
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination and corrective actions taken during the reporting period	

# Corporate Governance Report

The Company is committed to a high standard of corporate governance in order to protect the interest of its shareholders and enhance long-term shareholder value. The Board of Directors fully supports the principles and guidelines of the Code of Corporate Governance 2018 (the “**Code**”) and has put in place various mechanisms to ensure that effective corporate governance is practiced. The Board of Directors (the “**Board**”) is pleased to report on the Company’s corporate governance processes and activities as required by the Code and the relevant sections of the Listing Manual of the SGX-ST (the “**Listing Manual**”), Section B: Rules of Catalist (the “**Catalist Rules**”).

The Group has generally adhered to the principles and provisions laid down by the Code, and where there is any variation from the provisions of the Code, appropriate explanation has been provided within this Report. For easy reference, sections of the Code under discussion in this Report are specifically identified.

## BOARD MATTERS

### The Board’s Conduct of Affairs

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

### Principal roles of the Board

The primary function of the Board is to set the strategic direction of the Company and the Company’s approach to governance.

During FY 2021, as was in the past years, apart from its statutory responsibilities, the principal roles of the Board include:

- i. providing entrepreneurial leadership, setting strategic directions and objectives, and ensuring that the adequate financial and human resources are in place for the Group to achieve its objectives;
- ii. ensuring the adequacy and effectiveness of internal controls (including financial, operational and compliance) and establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Group performance;
- iii. reviewing financial performance and necessary reporting compliance;
- iv. approving matters as specified under SGX-ST’s interested person transaction policy;
- v. reviewing and approving major funding, investment and divestment proposals;
- vi. setting Company’s values and standards, reviewing management performance (including business ethics) and ensuring that obligations to shareholders and other stakeholders are understood and met;
- vii. assuming responsibility for corporate governance; and
- viii. considering sustainability issues such as environmental and social factors as part of its strategic formulation.

## Directors' Orientation and Training

A formal letter of appointment is provided to a new Director upon his or her appointment, setting out the duties and obligations associated with their directorship. All new Directors are given an orientation of the Group's business, core values, corporate governance practices and its strategic directions as well as industry-specific knowledge.

A new director with no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST, unless the NC is of the view that training is not required because he has other relevant experience.

Directors are informed of and encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, Singapore Exchange Securities Trading Limited, and business and financial institutions and consultants. Such training and development undertaken by Directors will be at the Company's expense. They are also informed about matters such as the Code of Dealings in the Company's shares as they are privy to price sensitive information.

Further, Directors are also updated regularly on changes in relevant laws and regulations; industry developments; business initiatives and challenges; and analyst and media commentaries on matters related to the Company and the media industry so as to enable them to properly discharge their duties as Board or Board Committee members.

## Access to complete, adequate and timely information

The Directors receive updates on the business of the Group through regular scheduled meetings and ad-hoc Board meetings. Prior to the meetings, they are furnished with complete, accurate and adequate information in a timely manner to enable them to be fully cognisant of the decisions and actions of the Management. As a general rule, the Company normally will circulate materials to them a week in advance of each meeting.

The Directors have been provided with the contact details of the Management and may, at any time, request for further explanation, briefings or informal discussions on any aspect of the Group's operations or business issues from Management that help them to strategize, make business decisions and oversight execution of business plans by Management to achieve the Company's goal. The appointment and removal of the company secretary is a decision of the Board as a whole. In furtherance of their duties, the Board may take independent professional advice, if necessary.

## Board Committees

To assist the Board in discharging its oversight functions and enhance the Company's corporate governance framework, the Board has formed three committees, namely the Audit Committee (the "**AC**"), Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively, the "**Board Committees**"). Each Board Committee reviews the matters that fall within its respective terms of reference and reports its decisions to the Board which endorses and accepts ultimate responsibility on such matters. Minutes of the Board Committee meetings are available to all Board members. All Directors are required to declare their other board representations and other principal commitments annually. The NC will consider whether the Board member is able to adequately carry out his responsibilities as a director of the Company when he has multiple board representations and other commitments.

The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

# ***Corporate Governance Report***

## **Board Approvals**

The Group has adopted internal guidelines governing matters that require the Board's approval which has been clearly communicated to the Management in writing. Where appropriate, decisions are also taken by way of Directors' Circulating Resolutions. The matters require the Board's approval include the below:

- i. appointment of Directors;
- ii. annual report and accounts;
- iii. issuance of shares, dividends and other returns to shareholders;
- iv. interested person transactions;
- v. material acquisitions or disposals;
- vi. corporate strategies and financial restructuring; and
- vii. any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company's Constitution.

While matters relating to the Group's policies and strategies require the Board's approval, the Management is responsible for the day-to-day administration and operations of the Group.

## **Board Attendance**

The Board meets every calendar quarter and reviews the announcements of the Group's half year and full year financial results every half year. Additional meetings may be convened on an ad-hoc basis as and when necessary. Directors may convene Board meetings by teleconferencing or videoconferencing. The Company's Constitution allows for the Board meetings to be conducted in the form of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means without a member being in the physical presence of another member or other members.

The number of meetings held in the year and the attendance thereat are as follows:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Kuek Eng Chye, Anthony	6	6	3	3	1	1	1	1
Yeung Kin Bond, Sydney	6	6	-	-	1	1	-	-
Ng Say Tiong	6	6	-	-	-	-	-	-
Chee Sanford	1	1 <sup>(1)</sup>	1	1 <sup>(1)</sup>	1	1 <sup>(1)</sup>	1	1 <sup>(1)</sup>
Fung Kau Lee, Glenn	6	6	3	3	-	-	1	1
Wong Quee Quee, Jeffrey	5	5 <sup>(2)</sup>	2 <sup>(2)</sup>	2 <sup>(2)</sup>	-	-	-	-
Lee Kok Beng	6	6	-	-	-	-	-	-

Notes:

- (1) Mr Chee Sanford retired upon conclusion of the 6th Annual General Meeting of the Company on 23 April 2021.
- (2) Mr Wong Quee Quee, Jeffrey was appointed as Independent Non-Executive Director of the Company on 18 June 2021.

## **Principle 2: Strong and independent element on the Board**

### **Board composition and size**

As at the date of this Annual Report, the Board comprises six members, of whom two are Non-Executive Independent Directors, one is Non-Independent Non-Executive Director and are three Executive Directors. The Independent Non-Executive Directors make up one-third of the Board and the Non-Executive Directors make up half of the Board.

The NC is responsible for examining the size and composition of the Board and Board Committees. Provisions 2.2 and 2.3 of the Code provide that the Independent Directors are to make up a majority of the Board when the Chairman is not independent and the Non-Executive Directors are to make up a majority of the Board respectively. After having considered the scope and nature of the Group's businesses and the requirements of the businesses, the Board and the NC, after extensive observation and deliberation, are of the view that the current board size and composition is appropriate notwithstanding that the Non-Executive Directors do not make up a majority of the Board. The Board believes that the existing composition of the Board Committees effectively serves the Group. There was no individual or small group of individuals that dominates the decisions of the Board. The Directors had demonstrated independent character and judgement over the years in discharging their duties and upholding the interest of shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinised and challenged the Management where appropriate. As such, notwithstanding that the Provision 2.2 of the Code is not met in FY 2021, the Board is of the view that it has an appropriate level of independence and diversity to enable it to make decisions in the best interests of the Company. The Board is able to exercise independent and objective judgment on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Group and its shareholders. The key information regarding the Directors are set out on pages 4 to 9 of this Annual Report.



# Corporate Governance Report

## Board Independence

Base on the Code, An “independent” director is one who is independent in conduct, character and judgement, has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the company.

The Board recognises that independent directors may over time develop significant insights in the Group’s business and operations, and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board.

The NC takes into consideration of relations or circumstances, identified in the Code and the Practice Guidance in its determination as to whether a Director is independent. In FY2021, the Board considered a director to be independent if he or she was independent in conduct, character and judgement, and had no relationship with the Company, its related corporations, its substantial shareholders (i.e., having at least a 5% interest in the Company) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the Company. Where any of the following circumstances existed, the director would not be considered independent: (i) a director being employed by the Company or any of its related corporations for the current or any of the past three financial years, or (ii) 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 Remuneration Committee. Other circumstances that the Board considers in its determination a Director’s independence include (i) a Director being on the Board for an aggregate period of more than nine years; (ii) a Director providing to or receiving from the Company or any of its subsidiaries significant payments or material services during the financial year under review or the previous financial year, other than compensation for board service; and (iii) a Director being related to any organisation to which the Company or any of its subsidiaries, or from which the Company or any of its subsidiaries received, significant payments or material services during the financial year in question or the previous financial year.

The Directors submit annual declarations of independence to the NC for assessment. The NC, in its deliberation of the independence of a Director, took into consideration the relevant provisions of the Listing Manual, the Code and where relevant, the recommendations set out in the Practice Guidance accompanying the Code (the “**Practice Guidance**”).

Following its annual review, the NC, having reviewed the independence of the relevant Directors, is satisfied that there are no relationships or circumstances which are likely to materially affect the following Independent Directors’ objective and independent judgement:

- i. Kuek Eng Chye, Anthony; and
- ii. Wong Quee Quee, Jeffrey.

Accordingly, the Board has, upon the NC’s recommendation, affirmed that the above-named Directors, each of whom had served less than nine (9) years as an Independent Director since their date of appointment to the Board, remained independent as contemplated by the Listing Manual and the Code.

## **Board diversity**

The Company's Board, through its board diversity policy, endorses the principle that its Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business so as to mitigate against groupthink and to ensure that the Group has the opportunity to benefit from all available talents. The current Board of Directors consists of members from diverse backgrounds and possess core competencies, qualifications and skills, all of whom, as a group, provides the Board with a good mix of the necessary experience and expertise to direct and lead the Group. Their combined wealth and diversity of experience enables them to contribute effectively to the strategic growth and governance of the Group.

## **Roles of Non-Executive Directors**

The Independent Directors meet without the presence of the Management, as and when they deem appropriate, to discuss and evaluate matters.

## **Principle 3: Clear division of responsibilities and balance of power and authority**

### **Separation of the role of Chairman and Chief Executive Officer**

The Company has separate Chairman and Group CEO. The Chairman and the Group CEO are not related to each other. This ensures that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Both Directors are to maintain effective oversight and accountability at Board and Management levels.

As Chairman of the Board, Mr. Kuek is a Non-Executive and Independent Director, and also chairs the NC and RC. He promotes high standards of corporate governance and leads the Board to ensure its effectiveness on all aspects of its role. The principal responsibilities of the Chairman include leading the Board to ensure it effectively discharges its role and responsibilities, approving agendas of Board Meetings, monitoring the quality and timeliness of the flow of information from Management to the Board and promoting effective communication with shareholders. The Chairman also facilitates robust discussions and deliberations in Board meetings, encourages constructive relations between Board and Management, and promotes high standards of corporate governance with the full support of the other Directors, the Company Secretary and Management.

At the AGMs and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

Mr. Yeung is the Group CEO, he bears responsibility for the overall management, businesses development and strategic planning of the Group, and the timeliness of information flow between the Management and the Board.

The Group CEO manages the Company and oversees the Group's operations and implementation of the Group's strategies, plans and policies to achieve planned corporate performance and financial goals. His management of the Group's business, including implementing Board's decisions, is carried out with the assistance of the senior executives of the Group. Collectively, they are responsible for the day-to-day operations and administration of the Company and the Group, ensuring, *inter alia*, operational and organizational efficiency, profitable performance of the operating units, regulatory compliance, good corporate governance and effective risk management.

The Board is of the view that the Company has an effective group of Independent Non-Executive Directors to provide balance within the workings of the Board and oversight for minority shareholders' interests.

# Corporate Governance Report

## **Principle 4: Board Membership**

### **Formal and transparent process for the appointment and re-appointment of the Directors to the Board**

The Board reviews the composition of the Board and Board Committees, taking into consideration of each director's experience, competencies, contribution and performance. For FY2021, the NC comprised three Directors, namely, Mr Anthony Kuek (Chairman of the NC and an Independent Director), Mr Sydney Yeung (Executive Director) and Mr Jeffrey Wong (Independent Director) as members.

The principal role of the NC include the following:

- i) To review succession plans for directors, in particular, the Chairman and the Group CEO;
- ii) To determine whether a director is independent annually;
- iii) To review and recommend nomination and re-nomination of the Directors having regards to the Directors contribution and performance;
- iv) To review the composition of the Board annually;
- v) To decide whether a Director with multiple board representations and other principal commitments is able to carry out his duties as a director; and
- vi) To ensure the adherence to the Code of Corporate Governance.

### **Review of Directors' independence**

The NC is satisfied that the current size and composition of the Board has adequate ability to meet the Company's existing scope of needs and the nature of operations. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The independence of each director is assessed and reviewed annually by the NC. In its deliberation as to the independence of a director, the NC took into account examples of relationships as set out in the Code, considered whether a director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent judgements.

### **Appointment of New Directors and Re-appointment of Directors**

The roles of NC include identifying candidates and reviewing all nominations for the appointments of new directors when there is a need arises for a new director either to replace a retiring director or to enhance Board's composition. The NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate experience and expertise for the appointment as a new director. The selection criteria include attributes such as diversity of competencies, industry knowledge, financial literacy and integrity.

The NC is empowered to seek potential candidates widely and beyond directors or management recommendations to engage external parties, such as professional search firms and institutions, to undertake research on or assessment of candidates as it deems appropriate. The NC then meets with the shortlisted candidates to appraise their calibre and suitability, having regard to the attributes of the existing Board and the requirements of the Group and to ensure that the candidates are aware of the expectations and the level of commitment required, before nominating the most suitable candidate to the Board for approval and appointment as a new Director.

# *Corporate Governance Report*

New Directors are appointed by way of a Board resolution, upon their nomination by the NC. In accordance with the Article 88 of Company's Constitution, these new directors appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Constitution also provides that at least one third of the remaining Directors are subject to re-election by rotation at each Annual General Meeting (the "AGM"). This will enable all shareholders to exercise their rights in selecting all Board members.

Pursuant to Article 89 of the Company's Constitution, all Directors of the Board, including the Chairman are required to submit themselves for re-nomination and re-election at regular intervals, at least once every three years. At each AGM of the Company, one-third of the Directors, being those who have served longest in office since their re election, are required to retire by rotation.

Pursuant to Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-appointment at least once every 3 years.

The NC makes recommendations to the Board on the annual re-election of Directors after taking into account the Board's succession plan, directors' independence, contribution, integrity and performance, and other factors that may be determined by the NC. Each member of the NC shall abstain from voting on any resolutions in respect of his re appointment.

The Board has accepted the NC's recommendation and has nominated the below Directors, who had consented to their election or re-election, to be put forward for election or re-election at the forthcoming AGM:

Mr Yeung Kin Bond, Sydney  
Mr Fung Kau Lee, Glenn  
Mr Wong Quee Quee, Jeffrey

# Corporate Governance Report

Pursuant to Rule 720(5) of the Catalist Rules, the information set out in Appendix 7F relating to the above Directors to be put forward for election or re-election at the forthcoming AGM is disclosed below:

Name of Director	Yeung Kin Bond, Sydney	Fung Kau Lee, Glenn	Wong Quee Quee, Jeffrey
Date of Appointment	31 October 2014	25 November 2016	21 June 2021
Date of last re-appointment (if applicable)	26 April 2019	26 April 2019	Not applicable
Age	49	66	46
Country of principal residence	Singapore	Hong Kong	Singapore
Whether appointment is executive, and if so, the area of responsibility	Executive, Mr Yeung is responsible for day-to-day management decisions and for implementing the Company's long and short-term plans.	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director, member of the NC	Non-Independent Non-Executive Director, member of the AC and the RC	Independent Non-Executive Director, AC Chairman and member of the RC and the NC
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Yeung Kin Bond, Sydney as the Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Fung as the Non-Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Wong as the Non-Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution.
Professional qualifications	Fordham University	<ul style="list-style-type: none"> <li>• Bachelor of Applied Science (Civil Engineering)</li> <li>• Master in Business Administration</li> <li>• Member of Chartered Financial Analyst Institute</li> </ul>	<ul style="list-style-type: none"> <li>• Chartered Valuer and Appraiser, Institute of Valuers and Appraisers</li> <li>• Solicitor of the Supreme Court of England and Wales</li> <li>• Advocate and Solicitor of the Supreme Court of Singapore</li> <li>• Bachelor of Laws (Honours) (Second Class Upper) from National University of Singapore</li> </ul>



## **Corporate Governance Report**

<b>Name of Director</b>	<b>Yeung Kin Bond, Sydney</b>	<b>Fung Kau Lee, Glenn</b>	<b>Wong Quee Quee, Jeffrey</b>
Working experience and occupation(s) during the past 10 years	<p>Director, Roots Capital Asia Limited</p> <p>Director, Ares Asia Limited</p> <p>Independent Director, China Gaoxian Fibre Fabric Holding Ltd</p>	<p>Director, Sundan Pacific Limited</p> <p>Chief Executive Officer, N-Bridge Capital Group Limited</p>	<p>Chief Executive Officer, SooChow CSSD Capital Markets (Asia) Pte. Ltd.</p> <p>Head of Investment Banking, SooChow CSSD Capital Markets (Asia) Pte. Ltd.</p> <p>Head of Investment Banking, Religare Capital Markets Corporate Finance Pte. Limited</p> <p>Managing Director, Investment Banking of Religare Capital Markets Corporate Finance Pte. Limited</p> <p>Chief Operating Officer, Religare Capital Markets Corporate Finance Pte. Limited</p>
Shareholding interest in the listed issuer and its subsidiaries	Yes	Yes	Yes
Shareholding details	Direct interest of 90,333,499 shares in the capital of the Company and deemed to have an interest in the 1,400,001 shares in the capital of the Company held by Roots Capital Asia Limited.	Deemed to have an interest in the 72,700,000 shares in the capital of the Company held by Sundan Pacific Limited.	Direct interest of 800,000 shares in the capital of the Company.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

# Corporate Governance Report

Name of Director	Yeung Kin Bond, Sydney	Fung Kau Lee, Glenn	Wong Quee Quee, Jeffrey
<b>Other Principal Commitments including Directorships</b>			
Past (for the last 5 years)	Director, Cepu Sakti Energy Pte. Ltd. Director, Roots Capital Strategic Pte Ltd Director, Eastern Giken International Co. Limited	None	Non-Executive Director, Solum Capital Limited Independent Non-Executive Director, Rich Capital Holdings Limited Non-Executive Director, Sunstone Capital Markets Pte. Ltd. Non-Executive Director, Honestbee Pte. Ltd. Non-Executive Director, The Cub SG Pte. Ltd. Lead Independent Director, Libra Group Limited Executive Director, Religare Capital Markets Corporate Finance Pte. Limited

# Corporate Governance Report

Name of Director	Yeung Kin Bond, Sydney	Fung Kau Lee, Glenn	Wong Quee Quee, Jeffrey
Present	<p>Director, Giken Sakata (S) Limited</p> <p>Director, Giken Precision Engineering (S) Pte. Ltd.</p> <p>Director, PT Giken Precision Indonesia</p> <p>Director, Changzhou Giken Precision Co., Ltd.</p> <p>Director, Changzhou Giken Technology Co., Ltd.</p> <p>Director, PT Giken Technology Indonesia</p> <p>Director, I-Motor Asia Limited</p> <p>Director, Giken Trading (S) Pte. Ltd.</p> <p>Director, Turbo Charge Limited</p> <p>Director, Turbo Charge (S) Pte. Ltd.</p> <p>Director, Turbo Charge (M) Sdn. Bhd.</p> <p>Director, Giken Motors Asia Pacific Pte. Ltd.</p> <p>Director, GSS Energy Sumatra Limited</p> <p>Director, GSS Energy Oilfield Management Limited</p> <p>Director, GSS Energy Trembul Limited</p> <p>Director, GSS Energy Investment Holdings Limited</p> <p>Director, GEV Pte. Ltd.</p> <p>Director, Roots Capital Asia Limited</p> <p>Director, Ares Asia Ltd</p>	<p>Director, N-Bridge Capital Group Limited</p> <p>Director, Sundan Pacific Limited</p>	<p>Independent Non-Executive Director, Proccuri Corporation Limited</p> <p>Chief Executive Officer and Executive Director, SooChow CSSD Capital Markets (Asia) Pte. Ltd.</p> <p>Independent Non-Executive Director, GKE Corporation Limited</p> <p>Deputy Secretary General, Hwa Chong Alumni Association</p> <p>Assistant Honorary Secretary General, Singapore Judo Federation</p> <p>Member, Management Committee Strata Title 3682</p> <p>Senior Advisor, DHC Capital Pte Ltd</p>

# Corporate Governance Report

Name of Director	Yeung Kin Bond, Sydney	Fung Kau Lee, Glenn	Wong Quee Quee, Jeffrey
<b>Information required pursuant to Catalist Rules 704<sup>(6)</sup> and/or 704<sup>(7)</sup></b>			
(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?	None	None	None
(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?	None	None	Yes Mr. Wong was previously a Non-Executive Director of Honestbee Pte. Ltd. and resigned from such position with effect from 15 August 2019. Subsequent to his resignation, the Singapore Court had, on 7 July 2020, issued an order for Honestbee Pte. Ltd. to be wound up.
(c) Whether there is any unsatisfied judgment against him?	None	None	None



## *Corporate Governance Report*

Name of Director	Yeung Kin Bond, Sydney	Fung Kau Lee, Glenn	Wong Quee Quee, Jeffrey
(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?	None	None	None
(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?	None	None	None
(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?	None	None	None

# Corporate Governance Report

Name of Director	Yeung Kin Bond, Sydney	Fung Kau Lee, Glenn	Wong Quee Quee, Jeffrey
(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?	None	None	None
(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?	None	None	None
(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?	None	None	None
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	None	None	None
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	None	None	None

## *Corporate Governance Report*

Name of Director	Yeung Kin Bond, Sydney	Fung Kau Lee, Glenn	Wong Quee Quee, Jeffrey
(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	None	None	None
(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	None	None	None

# Corporate Governance Report

Name of Director	Yeung Kin Bond, Sydney	Fung Kau Lee, Glenn	Wong Quee Quee, Jeffrey
<p>(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?</p>	None	None	<p>Yes.</p> <p>Mr. Wong Quee Quee, Jeffrey was previously an executive director of Religare Capital Markets Corporate Finance Pte. Limited (“RCMCF”) between December 2010 and November 2017. In July 2016, RCMCF received a supervisory reminder from the Monetary Authority of Singapore (the “Authority”) in respect of its breach of Regulation 6(1) (a) of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Market Services Licenses) Regulations (the “SF(FRM)R”), which required a holder of the capital market services licence granted under the Singapore Securities and Futures Act to ensure that its financial resources do not fall below its total risk requirement. In July 2017, the Authority discovered another breach of the SF(FRM)R by RCMCF. After his resignation as executive director of RCMCF in November 2017, he was informed by RCMCF that the Authority had in February 2018, issued another supervisory reminder to remind RCMCF to ensure compliance with all applicable regulations at all time.</p> <p>Mr. Wong is an Independent Non-Executive Director of Procurri Corporation Limited (“Procurri”). On 4 August 2020, the MAS issued a reminder to Procurri to comply with Section 137G<sup>(1)</sup> of the Securities and Futures Act.</p>



## *Corporate Governance Report*

Name of Director	Yeung Kin Bond, Sydney	Fung Kau Lee, Glenn	Wong Quee Quee, Jeffrey
(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?	None	Yes	None
If Yes, Please provide full details		Mr. Fung was investigated by the Investment Dealers Association of Canada in 2001 over the conduct of an employee he was supervising while working for HSBC (Canada). The case was closed with a settlement of C\$25,000 paid by HSBC (Canada) and with no admission of guilt. Mr Fung was subsequently promoted to Vice President of HSBC Brokerage (USA).	

# Corporate Governance Report

Name of Director	Yeung Kin Bond, Sydney	Fung Kau Lee, Glenn	Wong Quee Quee, Jeffrey
<b>Disclosure applicable to the appointment of Director only.</b>			
<p>Any prior experience as a director of an issuer listed on the Exchange? 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).</p>	<p>Yes</p>	<p>Yes</p> <p>Member of the Audit and Remuneration Committees of GSS Energy Limited</p>	<p>Yes</p> <p>Lead Independent Director, Chairman of the Audit Committee and Member of the Nominating and Remuneration Committees of Libra Group Limited</p> <p>Independent Non-Executive Director, Member of the Nominating, Remuneration and Audit Committees of Rich Capital Holdings Limited</p> <p>Independent Non-Executive Director, Chairman of the Nominating Committee, Member of the Audit and the Remuneration Committees (Chairman of the Remuneration Committee from 2019 to 2021) of Proccuri Corporation Limited</p> <p>Independent Non-Executive Director, Member of the Nominating, the Remuneration and Audit Committees of GKE Corporation Limited</p> <p>Chairman of the Audit Committee and Member of the Nominating and Remuneration Committees of GSS Energy Limited</p>

## Directors' Time Commitments

The roles of the NC also include assessing yearly if each director has any issue with competing time commitments, holds multiple directorships which may impact his or her ability to provide sufficient time and attention to his or her duties as a director of the Company. In addition, the NC will also take into consideration, inter alia, a qualitative assessment of each Director's contributions as well as any other relevant time commitments.

The Board has not set a maximum number of other company directorships which a Director may concurrently hold, taking into consideration that multiple representations can benefit the Group as these Directors bring to the Board greater depth and diversity of experience, knowledge and perspectives. The NC and the Board are satisfied that all the directors were able to and have been adequately carrying out their duties as directors of the Company in FY 2021.

The listed company directorships and profile of each Director is provided in the “Profile of the Board of Directors” section of the Annual Report.

## **Principle 5: Board performance**

The Board has an annual performance evaluation process, carried out by the NC. The evaluation exercise is carried out by way of performance evaluation checklists which are circulated to the Board members for completion. Each Director evaluates the performance of the Board and Board Committees. The assessment of the contribution of individual Directors to the effectiveness of the Board is also performed annually. Such assessments are made against established performance criteria approved by the Board. The Board acts on the feedback and in consultation with the NC, proposes, where appropriate, new Directors to be appointed or seeks the resignation of Directors.

The NC has assessed the current Board’s performance to-date and is of the view that the performance of the Board as a whole was satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention have been given by the Directors to the Group. No external facilitator was engaged for the evaluation process in FY2021.

## **Principle 6: Remuneration matters**

### **Remuneration Committee Composition and role**

For FY2021, the RC was chaired by Mr Anthony Kuek (Non-Executive Chairman and an Independent Director) and included Mr Jeffrey Wong (Independent Non-Executive Director) and Mr Glenn Fung (Non-Independent Non-Executive Director) as members. RC members are well-versed in executive compensation matters, given their experience in major appointments and senior corporate positions. The RC has explicit authority within its terms of reference to seek external professional advice on remuneration matters.

During the FY2021, no external evaluation facilitators were engaged with regards to the remuneration of the Directors but the RC has drawn reference to the current industry practices and norms in compensation to maintain market competitiveness.

The RC is guided by its terms of reference which is in line with the Code. The principal responsibilities of the RC are:

- i) ensuring remuneration policies are in line with Group’s strategic objectives and corporate values, and do not give rise to conflicts between the objectives of the Company and interests of individual Directors and key executives;
- ii) reviewing and make recommendation to the Board, the fees for the Non-Executive Directors;
- iii) reviewing and make recommendation to the Board on the Executive Directors’ (including the Group CEO’s) remuneration packages; and
- iv) administering share options scheme.

# Corporate Governance Report

The RC is tasked for ensuring that a formal and transparent procedure is in place for developing policy and for determining the remuneration packages of individual directors and key management personnel (“KMPs”). The RC recommends for the Board’s endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to directors’ fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for each director and KMPs. The RC also reviews the Company’s obligations arising in the event of termination of the executive Director’s and key management personnel’s contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. No member of the RC is involved in deliberating and deciding in respect of any remuneration, compensation or any form of benefits to be granted to him.

Directors do not participate in decision making in determining their own remuneration. Directors’ fees are subject to shareholders’ approval at the AGM.

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

The Group recognises the importance of having a skilled and dedicated workforce to manage and grow the businesses in an increasingly competitive and challenging environment. The Group formulate remuneration policies to provide compensation packages at market rates which reward good performance and attract, retain and motivate the Directors and executive officers. This ensures an appropriate remuneration level and mix that recognizes the performance, potential, and responsibilities of these individuals.

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

## **Remuneration of Executive Directors and KMPs**

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

## **Remuneration of Non-Executive Directors**

Non-Executive Directors have no service contracts with the Company and are paid with Directors’ fees. In determining the quantum of such fees, factors such as *effort* and time spent, frequency of meetings, responsibilities of Non-Executive Directors, and the need to be competitive in order to attract, motivate and retain these Directors are taken into account. The Chairman of the Company receives higher fees to take into account the nature of his responsibilities. The aggregate fees of the Non-Executive Directors are subject to the approval of the shareholders at the AGM and will only be paid after the necessary approval has been obtained.

Yearly, the RC conducts review on the structure of Directors’ fees and of the computation of the aggregate Directors’ fees with referencing to Directors’ fees of other similar listed companies to ensure that the directors’ fees are within market norms and commensurate with responsibilities of the Non-Executive Directors. Pursuant thereto, the RC will propose the required changes (if any) to the Board for endorsement.

The RC, with the concurrence of the Board, has recommended to use the same structure for FY2021 Directors' fee after having considered last financial year overall quantum, other than the inclusion of payment of Director fees for Mr Glenn Fung. Mr Glenn Fung was not previously paid Director fees in respect of his position. However, after considering, among others, the contribution of Mr Glenn Fung and the RC has, with the concurrence of the Board, recommended that Director fee shall be payable to Mr Glenn Fung for FY2021. FY2022 Directors' fees will also be tabled for shareholder approval at the forthcoming AGM. These measures serve to ensure that the independence of the Non-Executive Directors is not compromised by their compensation.

## **Share-based incentive**

The Company had previously adopted the GSS Energy Limited Executives' Share Option Scheme (the "**GEL Scheme**") and GSS Energy Limited 2018 Executives' Option Scheme (the "**GEL 2018 Scheme**"), to acknowledge the contributions made by key management and staff to the well-being and prosperity of the Group and to allow them to have a real and meaningful stake in the Company at a relatively low direct cost. The Executive Directors, Independent Directors, employees, controlling shareholders and their associates are eligible to participate in the Scheme in accordance with the Rules of the GEL Scheme and the GEL 2018 Scheme.

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

The compensation packages for employees including the executive directors and the KMPs comprised a fixed component (basic salary), a variable component (performance bonus, allowance, employee share option) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, Group's performance (financially and non-financially), industry practices, market condition and guidelines from National Wages Council.

The Code suggests full disclosure of the remuneration of each individual director as well as top five KMP in aggregate. The Board supports and is aware of the need for transparency. Nevertheless, after deliberation, the Board has decided not to include a separate annual remuneration report to shareholders in the annual report on the remuneration of Directors and the top five KMPs (who are not Directors or the CEO of the Company) as the Board is of the view that the remuneration packages are confidential and sensitive in nature and full disclosure of the specific remunerations of each individual Director and KMPs is not in the best interest of the Group having regard to the competitive environment in which it operates. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure to disclose the specific remuneration of each individual Director and KMP.



# Corporate Governance Report

Remuneration paid to the directors of the Company for the period under review are as follows:

Name of Director/ KMP	Salary Allowances & Benefits	Bonus	Directors' Fees	Total
<b>Name of Director</b>				
<u>Below S\$250,000</u>				
Anthony Kuek			100%	100%
Chee Sanford			100%	100%
<u>S\$250,000 - S\$499,999</u>				
Ng Say Tiong	72%	28%		100%
Lee Kok Beng	78%	22%		100%
<u>S\$500,000 - S\$749,999</u>				
Sydney Yeung	88%	12%		100%
<b>Name of KMP</b>				
<u>Below S\$250,000</u>				
Lee Tin Yau, Eugene	86%	14%		100%
Wong Liong Khoon	88%	12%		100%
Orr Bee Lay	88%	12%		100%

The Company has disclosed each Director and KMP of the Group (excluding Directors of the Company) in bands of S\$250,000. The remuneration of each of the KMP does not exceed S\$250,000 for FY2021. The total remuneration paid to the KMPs for FY2021 is S\$445,000. Save as disclosed above, no other long-term incentives and no termination, retirement or post-employment benefits have been granted to the Directors and KMPs.

The disclosure of remuneration bands of the KMP is on a voluntary basis pursuant to the Code of Corporate Governance. The KMP (notwithstanding that they are not considered key persons / executive officers of the Group for the purposes of the Catalist Rules), being the top three personnel on a managerial level (who are not Directors or the CEO of the Company) of the Group, are listed in the remuneration table for a more holistic presentation of the remuneration framework of the Group.

Save for Sydney Yeung, who is an employee as our CEO and is also a Director and a substantial shareholder of the Company, the Group does not have any other employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company.

## **Principle 9: Risks Management and Internal Controls**

### **Risk management and internal control systems**

The Board, with the assistance of the AC, is committed to maintaining a sound system of internal controls, including financial, operational, information technology, compliance, and risk management systems to safeguard the interests of the shareholders and the Group's assets. Reviews are undertaken to ensure that the system of internal controls maintained by the Group is sufficient to provide reasonable assurance that the Group's assets are safeguarded against loss from unauthorised use or dispositions, that transactions are properly authorised, and proper financial records are maintained.

## Assurance from the CEO, CFO and KMPs

The Group also periodically reviews operational and compliance control areas through the various heads of department, and has continuously made improvements with the assistance of regular internal reviews.

For the financial year under review, the Board has received assurance from:

- i) the Group CEO and the CFO that 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
- ii) the Group CEO and the KMPs that the system of risk management and internal controls in place within the Group (including financial, operational and compliance) are sufficiently adequate and effective in addressing the material risks in the Group in its current business operations.

## Adequacy and effectiveness of risk management and internal control systems

The AC conducts a review of the effectiveness of the Company's material internal control systems including financial, operational, compliance and information technology controls and risk assessment at least annually to ensure the adequacy thereof. In addition, an annual review is also conducted to ensure that safeguards, checks and balances are put in place to prevent any conflict of interest or any weakening of internal controls. Any material non compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal auditor in this respect.

For the year under review, the following were performed to review adequacy and effectiveness of the Company's risk management and internal control systems:

- (a) Board Committee meetings were held with key management personnel to discuss and review the financial and operational performance of the Group, internal control issues, where applicable, were discussed and addressed during such meetings;
- (b) An external audit was performed by the external auditors and control gaps in financial controls were highlighted to the AC and appropriately addressed. The control gaps were presented and reviewed by AC; and
- (c) A review of financial, operational and compliance matters was performed by the internal audit team and significant internal control matters were highlighted to the CFO and key management personnel and appropriately addressed by respective business units; and
- (d) Discussions were held between the AC, internal audit team and the external auditors in the absence of key management personnel to address any potential concerns.

For the year under review, no material weaknesses in the systems of risk management and internal controls were identified by the Board.

Pursuant to the above, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems maintained by the Company's management were adequate and effective as at 31 December 2021 against material financial misstatements or loss, the reliability of financial information, the maintenance of proper accounting records, includes the safeguarding of shareholders' investments, the Company's assets, compliance with appropriate legislation, regulation and best practice, and the identification and management of business risks.

# Corporate Governance Report

## Principle 10: Audit Committee

### AC Composition and Role

For FY2021, the AC was chaired by Mr Jeffrey Wong, an Independent Non-Executive Director and included Mr Anthony Kuek (Non Executive Chairman and an Independent Director) and Mr Glenn Fung (Non-Independent Non-Executive Director) as members.

Following the retirement of Mr Chee Sanford on 23 April 2021, Mr Jeffrey Wong was appointed as Chairman of the AC, on 18 June 2021. The Board, upon the recommendation of the NC, considered Mr Jeffrey Wong, who has extensive and practical financial management and experience, was well qualified to chair the AC.

For FY2021, the Board is satisfied that the AC members, collectively, have relevant accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibility. None of the AC members are former members, partners or directors of the Company's existing auditing firm.

The AC convened two meetings during the period under review, attended by members of the AC and relevant management staff. The AC also meets with the external auditors, without the presence of the Company's management staff, at least once a year.

The AC carries out its functions in accordance with Section 201 B (5) of the Companies Act 1967 of Singapore (the "**Companies Act**") and the Code, including the following:

- i) reviewing the audit plans and results of the Company's external audits;
- ii) reviewing the adequacy, effectiveness, independence, scope and results of Company's internal audits functions and external audit;
- iii) reviewing the Group's financial and operating results and accounting policies;
- iv) reviewing the audited financial statements of the Company and the Group for the financial year before their submission to the Directors of the Company for consideration and approval thereafter;
- v) reviewing the half-year and full-year results announcements of the Company and the Group to the SGX-ST;
- vi) ensuring the co-operation and assistance by management to external auditors;
- vii) making recommendations to the Board of Directors on the re-appointment of the external auditors and approved the remuneration and term of engagement of the external auditor;
- viii) reviewing "interested person transactions" as defined in Chapter 9 of the Catalist Rules as is required by SGX ST and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company; and
- ix) performing any other functions which may be agreed by the AC and the Board.

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

The AC is kept abreast by the Management and the external auditors of change to accounting standards, the Listing Manual and other regulations that could have an impact on the Group's business and financial statements.

Through the half-yearly and annual financial statements and timely announcements to shareholders, the Board aims to provide shareholders with adequate details that would allow a balanced and understandable assessment of the Group's financial performance, position and prospects. This responsibility extends to reports to regulators. The AC has been tasked to review the Company's financial information to ensure that the objective is met.

The AC considered the report from the external auditors, including their findings on the significant risks and audit focus areas. Significant matters that were discussed with the Management and the external auditors have been included as Key Audit Matters ("KAM") in the audit report for FY2021 on pages 68 and 69 of this annual report. In assessing the KAM, the AC took into consideration the approach and methodology applied as well as the reasonableness of the estimates and key assumptions used. The AC concluded that the Management's accounting treatment and estimates in the KAM were appropriate.

## External auditors

The AC is satisfied with the independence and objectivity of the External Auditors and has recommended that BDO LLP, for re-appointment as the Company's External Auditors in respect of financial year ending 31 December 2022 ("FY2022") at the forthcoming AGM. Aggregate fees paid/payable to the external auditors of the Company for audit services amounted to S\$162,000 for FY2021. During FY2021, there was no non-audit related work carried-out by the external auditors. Hence, there was no fee paid on this aspect.

The Company has complied with Rules 712 and 715 of the Catalist Rules in the appointment of its external auditors.

## Internal auditors

The internal audit function is to assist the Board to evaluate the adequacy, effectiveness, reliability of the internal controls and risk management processes of the Group. The AC is tasked to examine the internal audit plan, determines the scope of audit examination, implementation of the improvements required on internal control weakness identified, review findings thereof, and to ensure Management provides the necessary Co-operation for internal auditors to perform their duties.

The internal audit function of the Group is outsourced to TRS Forensics Pte Ltd ("TRS") since financial year ended 31 December 2020. TRS adopts the Standards of Professional Practice of Internal Auditing set by the Institute on Internal Auditors in performing their audits. The IA reviews the effectiveness of key internal controls, including financial, operational, information technology, risk management and compliance controls for selected scope of review annually, as approved by the AC. The internal auditors report their findings and any recommendation for improvement to the AC. The relevant department will follow up on any recommendation for improvement and progress is reviewed by TRS and the Board for the next financial year. The internal audit team maintains its independence as the members do not handle direct operational matters or maintain the accounts for the business units that they are auditing within the Group. The AC is satisfied that the internal audit function is independent of all the areas, effective and adequately resourced. The internal auditors report primarily to the Chairman of the AC and has unrestricted access to the documents, records, properties and personnel of the Company and of the group. The AC annually reviews the adequacy and effectiveness of the internal audit function to ensure that resources are adequate and that the internal audits are performed effectively. It approves the appointment, termination, evaluation and the remuneration of the internal auditors.

# **Corporate Governance Report**

Furthermore, in the course of the statutory audit, the external auditors also perform a review of the adequacy and effectiveness of the Group's material internal controls to the extent of their scope as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during the audit are reported to the AC together with the recommendations of the external auditors.

## **Meeting Auditors without the Management**

The AC meets with the external auditors and the internal auditors, at least once a year, without the presence of the Management, to review any matter that might be raised. These meetings enable the auditors to raise any issues in the course of their work directly to the AC.

In line with the Rule 705(5) of the Catalist Rules, the Board provides confirmation to the shareholders in its quarterly financial statements announcements, confirming that to the best of its knowledge, nothing has come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Company has, pursuant to Rule 720(1) of the Catalist Rules, received undertakings from all its Directors and executive officers that they shall each, in the exercise of their powers and duties as Directors and executives officers, comply with the provisions of the Catalist Rules, the Securities and Futures Act 2001 of Singapore, the Singapore Code on Takeovers & Mergers, and the Companies Act 1967 of Singapore and will also procure the Company to do so.

## **Whistle-blowing policy**

The Company adopted a whistle-blowing framework whereby staff, shareholders, clients, vendor and contractors of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The framework includes arrangement for independent investigation and appropriate follow-up of such matters. The Company's whistleblowing policy can be found at the Company's website at the URL <https://gssenergy.com.sg/agm/>. The AC reviews all whistleblowing complaints, if any. The whistle blowing policy and procedures are reviewed by the AC from time to time to ensure that they remain relevant. The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the external advice where they deem appropriate.

During FY2021, there was no whistle-blowing incident of concern reported to the AC .

## **Interested Person Transactions**

The Company has established a procedure for recording and reporting interested person transactions. All interested person transactions are subject to review by the AC to ensure they were carried out on a normal commercial terms.

Pursuant to Rule 907 of the Catalist Rules, there were no interested person transactions entered into by the Company for the year under review.

## **Material Contracts**

Pursuant to Rule 1204(8) of the Catalist Rules, no material contracts were entered into between the Company or any of its subsidiaries involving the interest of any director or controlling shareholders, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of previous financial year except for the related party transactions and directors' remunerations disclosed in the Note 36 to the Financial Statements.



## **Principle 11: Shareholders rights**

The Company endeavours to ensure that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET. This will allow shareholders to make informed decisions in respect of their investments in the Company. The Company does not practice selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act 1967 of Singapore, the Company's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

Information is communicated to all shareholders on a timely basis through:

- i) annual reports that are prepared and issued to all shareholders. The Company makes every effort to ensure that all relevant information about the Group and other disclosures that are required by the SGX-ST, the Companies Act 1967 of Singapore and Singapore Statements of Accounting Standard, are included in the Annual Report;
- ii) periodic financial statements containing a summary of the financial information and affairs of the Group for the period that are reported through the SGXNET;
- iii) notices and explanatory notes for annual general meetings and extraordinary general meetings;
- iv) disclosures to the SGX-ST; and
- v) the Group's website at [www.gssenergy.com.sg](http://www.gssenergy.com.sg), at which shareholders can access information on the Group. The website provides, *inter alia*, information on the Group's corporate disclosure, corporate data, corporate profile and annual reports.

## **Conduct of General Meetings**

Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Group's strategy and objectives. If shareholders are unable to attend any meetings of the Company, the Constitution of the Company allows shareholders to appoint up to two (2) proxies to vote on their behalf through proxy forms sent in advance. Nominee agencies such as banks, securities custodians and the Central Provident Fund ("CPF") are allowed to appoint more than two (2) proxies. Therefore, shareholders who hold shares through these nominees, including CPF investors, can attend and participate at the meetings as proxies of these agencies. Voting in absentia by mail, facsimile or email is currently not allowed.

The AGM serves as the principal forum for shareholders to obtain information and give feedback about the Group. The notice of AGM and Circulars will be issued at least 14 days before the scheduled date. The Board welcomes questions from shareholders, either formally at the AGM or informally, before and after the AGM. All Directors (save for Mr. Jeffrey Wong who was not a Director at that time) were present at the last AGM held electronically on 23 April 2021. There were no other general meetings held by the Company save for the AGM. Submission of questions to the Chairman of the AGM.

In advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, were put in place for the AGM.

The Company also solicits the views of the shareholders through analyst briefings and meetings with investors and fund managers. The Company is open to meetings with investors and analysts, and conducting such meetings. All shareholders are treated fairly and equitably to facilitate exercise of their ownership right.

# Corporate Governance Report

Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"), the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the seventh AGM of the Company will be held by way of electronic means. Details of the steps for pre-registration, submission of questions and voting at the AGM 2022 by shareholders, including CPF and SRS investors, are set out in a separate announcement released on SGXNET on 14 April 2022.

Shareholders may pre-submit any questions they may wish to ask in relation to the resolutions to be tabled at the AGM. The proceeding of each of the general meetings will be properly recorded, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management. All minutes of the general meetings will be available on the Company's corporate website.

## Separate resolutions at general meetings

Separate resolutions on each distinct issue are tabled at general meetings and voting on each resolution by poll is carried out systematically with proper recording of votes cast and the resolution passed. Shareholders are given the opportunity to raise questions on each of the motions. Bundling of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications justifying the same, which will be explained in the notice of meeting.

## Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, operational and capital requirements, cash flow and financial conditions, as well as general business conditions and other factors which the Board may deem appropriate. The Board endeavours to maintain a balance between meeting shareholder's expectations and prudent capital management.

The Board has reviewed the Group's resources for ongoing operations and plans for expansion, and considered that the consolidation of all available financial resources would enable the Group to use them more effectively to support growth and enhance shareholder value. Accordingly, a dividend was not recommended for FY2021.

## Engagement with Shareholders

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

AGM has been an opportune forum for direct dialogue with shareholders, investor and analysts. They have the opportunity to raise questions to the Board and senior Management, and clarify with them any issues they may have. All Directors attend our general meetings for shareholders and the external auditors are also engaged to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Such meetings allow the Company to gather views or inputs, and address shareholders' concerns. However, in light of the COVID-19 pandemic situation, alternative arrangements have been used by the Company instead (see below paragraphs). Outside of the financial announcement periods, when necessary and appropriate, the Group CEO engages with local and foreign investors to garner feedback from the investor community on a range of strategic and topical issues, which provides the Board with valuable insights on investors' views. When opportunities arise, the Group CEO conducts media interviews to give shareholders and the investing public a better perspective of the Group's business.

For the forthcoming seventh AGM of the Company, shareholders are allowed to submit questions relating to the annual report, letter to shareholders, and resolutions set out in the notice of AGM in advance to the Company when they register online, by email or by post to the Company's registered office. The Company's responses to the questions will subsequently be published on SGXNET and the Company's website at least 72 hours prior to the closing date and time for the lodgment of the proxy forms to facilitate members' votes and to allow members to make an informed decision on the resolutions to be tabled at the AGM.

The Company has also organized a Virtual Information Session prior to the AGM, at 10.00 a.m on 20 April 2022 and the Company shall any questions which members may have in relation to the resolutions tabled for approval at the AGM (which includes the proposed diversification of the business of the Company). Shareholders are cordially invited to participate in the VIS.

In line with the continuous disclosure obligations under the requirements set out in the Catalist Rules and Companies Act, the Board informs the shareholders promptly of all major developments that may have a material impact on the Group where required pursuant to such obligations.

The Company and its businesses information is also made available on the Company's website at the URL [www.gssenergy.com.sg](http://www.gssenergy.com.sg). Shareholders and the public can access for the latest financial results, media releases, annual report and other corporate information on the Company. Investors can submit feedback and queries to the Company's investor relations team through contact provided in the Company website. Investor relations personnel will attend to their queries to keep the investing public apprised of the Company's corporate developments and financial performance.

The Company has engaged investor relations (IR) firm to focus on facilitating the communications with all stakeholders – regulators, shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's financial performance and corporate development. To enable shareholders to contact the Company easily, the contact details of the IR personnel are set out on page 10 of this Annual Report as well as on the Company's website.

### **Principle 13: Engagement with Stakeholders**

The Company values the importance of maintaining positive relationships, engaging 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's stakeholders include employees, contractors and suppliers, government and regulators, community, shareholders and investors. Having identified the stakeholders and the material issues, it has provided the necessary guidance on the key areas of focus and the prioritisation of resources for the various sustainability initiatives. More details on the Company's approach to stakeholder engagement and materiality are disclosed in the Sustainability Report on pages 11 to 29 of this Annual Report.

The Company maintains a corporate website at the URL [www.gssenergy.com.sg](http://www.gssenergy.com.sg) to communicate and engage with stakeholders.

### **Code of Business Ethics**

The Group has adopted a Code of Business Ethics to regulate the standards and ethical conduct of the Group's employees who are required to observe and maintain high standards of integrity.

### **Dealing in Securities**

Following the introduction of the Code, the Company has brought to the attention of its employees the implications of insider trading and recommendations of the Code.

# Corporate Governance Report

In compliance with the Rule 1204(19) of the Catalyst Rules, the Company has adopted and implemented an internal compliance code which prohibits securities dealings by Directors and employees while in possession of unpublished price-sensitive information. Officers are discouraged to deal in the Company's securities on short-term considerations.

Directors, executives and any other employees who have access to material price-sensitive information are prohibited from dealing in securities of the Company prior to the announcement of a matter that involves material unpublished price-sensitive information. They are required to report on all their dealings in the Company's securities to the Company. They are also prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Company's half-yearly or full-year results and ending on the day after the announcement of the half-yearly and full-year results.

## Non-Sponsor Fees

During the financial year under review, the Sponsor did not provide any other non-sponsor services to the Company and there were no non-sponsor fees paid during this period. However, a sum of S\$20,000 in legal fees (incurred in association with corporate actions which the Company had consulted for) was paid to Morgan Lewis Stamford LLC, a related corporation of the Sponsor.

## Use of Proceeds

The Group raised net proceeds amounting to approximately S\$4,834,998 ("Net Proceeds") from the issue of 83,333,300 new ordinary shares pursuant to a placement exercise completed in September 2021 (the "Placement").

As at the date of this Annual Report, the use of Net Proceeds from the Placement is as follows:-

Use of Proceeds	Percentage Allocation	Amount utilised as at the date of this Report	Percentage utilisation	Balance
Financing the Group's business expansion (such as the expansion into the e-mobility business to design and develop electric 2-wheelers and other related electric vehicle technologies)	80%	S\$2,500,000 <sup>(1)</sup>	Approximately 65%	S\$1,368,000
General working capital of the Group (eg. operational expenses and general administrative expenses)	20%	S\$470,000 <sup>(2)</sup>	Approximately 49%	S\$497,000

Notes:

- (1) S\$1,000,000 has been disbursed for purchase of material in preparation of the Group's production of electric 2-wheelers
- (2) S\$1,500,000 has been disbursed as cash consideration following the completion of proposed acquisition of 100% of the share capital of Edison Motors Co. Ltd. Please refer to the Company's announcements dated 19 November 2021, 24 March 2022 and 30 March 2022.
- (3) S\$470,000 has been utilised to expedite the monetisation process of the Group's oil and gas investment through its associate. The amount has been provided as general working capital to the associate for daily operating expenses in connection with overall drilling activities such as field site security expenses, purchase of casing and cement, and rental of equipments.

The above utilisation of the Net Proceeds from the Placement is in accordance with the stated use and percentage allocated as disclosed in the Company's announcement dated 19 August 2021 in relation to the Placement.

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# ***Directors'*** ***Statement***

The Directors of GSS Energy Limited (“the Company”) present their statement together with the audited financial statements of the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2021, the statement of financial position of the Company as at 31 December 2021 and the statement of changes in equity of the Company for the financial year ended 31 December 2021.

## **1. Opinion of the Directors**

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## **2. Directors**

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

Mr Yeung Kin Bond, Sydney  
Mr Ng Say Tiong  
Mr Lee Kok Beng  
Mr Kuek Eng Chye, Anthony  
Mr Fung Kau Lee, Glenn  
Mr Wong Quee Quee, Jeffrey (Appointed on 21 June 2021)

## **3. Arrangements to enable Directors to acquire shares and debentures**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except as disclosed in paragraph 5 below.

## 4. Directors' interests in shares and debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act 1967 of Singapore (the "Act"), except as follows:

Name of Directors and companies in which interests are held	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	As at 1 January 2021	As at 31 December 2021	As at 1 January 2021	As at 31 December 2021
<b>Company:</b>				
<i>GSS Energy Limited</i>				
(Number of ordinary shares)				
Yeung Kin Bond, Sydney <sup>(1)</sup>	104,733,499	90,333,499	1,400,001	1,400,001
Fung Kau Lee, Glenn <sup>(2)</sup>	-	-	66,700,000	72,700,000
Lee Kok Beng	905,000	905,000	-	-
<b>Options in respect of ordinary shares<sup>(3)</sup></b>				
Yeung Kin Bond, Sydney	7,400,000	7,400,000	-	-
Ng Say Tiong	13,000,000	13,000,000	-	-
Kuek Eng Chye, Anthony	700,000	-	-	-
Fung Kau Lee, Glenn	700,000	-	-	-
Lee Kok Beng	2,400,000	2,400,000	-	-

(1) Roots Capital Limited ("Roots Capital") owns 1,400,001 shares in the Company and Mr Yeung Kin Bond, Sydney is the sole director of Roots Capital. As at the beginning and end of the financial year, Mr Yeung Kin Bond, Sydney holds 100% of the issued share capital of Roots Capital and accordingly, he is deemed to have an interest in the shares held by Roots Capital.

(2) Sundan Pacific Limited ("Sundan Pacific") owns 72,700,000 (2020: 66,700,000) shares in the Company and Mr Fung Kau Lee, Glenn is the managing director of Sundan Pacific. As at the beginning and end of the financial year, Mr Fung Kau Lee, Glenn holds 100% of the issued share capital of Sundan Pacific and accordingly, he is deemed to have an interest in the shares held by Sundan Pacific.

(3) Actual number of ordinary shares to be released subject to their share option exercises.

By virtue of Section 7 of the Act, Mr Yeung Kin Bond, Sydney and Mr Fung Kau Lee, Glenn are deemed to have interest in all the subsidiary corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, 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.

# Directors' Statement

## 5. Share options

The GSS Energy Limited Executives' Share Option Scheme (the "GEL Scheme") for key management personnel and employees of the Group (collectively referred to as "Eligible Persons") was approved by members of the Company at the Annual General Meeting on 24 April 2017.

On 23 April 2018, the members of the Company approved GSS Energy Limited 2018 Executives' Option Scheme ("GEL 2018 Scheme").

The GEL Scheme and GEL 2018 Scheme are share incentive schemes (Collectively known as "GEL Schemes"). The objective of the GEL Schemes is to attract, retain and motivate key employees of the Company and its related companies by providing them the opportunity to acquire a proprietary interest in the Company and to align their interests and efforts with the long-term interests of the Company's shareholders. The GEL Schemes shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the GEL Schemes are adopted by Shareholders.

Under the GEL Schemes, (a) full-time employees of the Company and its related Group companies; (b) Executive Directors of the Company and its related Group companies; and (c) Non-executive Directors (including Independent Directors) of the Company and its related Group companies are eligible to participate in the GEL Schemes.

The number of shares to be offered to a grantee in accordance with the GEL Schemes shall be determined at the absolute discretion of the GSS Energy Limited Executives' Share Option Scheme Committee ("Committee") comprising four directors namely Mr. Anthony Kuek (Chairman), Mr. Sanford Chee (Member)<sup>(1)</sup>, Mr. Glenn Fung (Member) and Mr. Sydney Yeung (Member), which shall take into account criteria such as the rank and responsibilities, performance, years of service and the potential contributions of the grantee. The Committee shall exercise its discretion judiciously in deciding the number of shares under the GEL Schemes to grant to each grantee.

Since commencement of the GEL Scheme, the Company issued and allotted 700,000 new ordinary shares ("New Shares") in the capital of the Company, at the exercise price of \$0.09856 for each New Share with a total consideration of \$68,992 pursuant to the exercise of options granted under the GEL Scheme.

The aggregate number of shares in respect of which the Company may grant options, when added to the number of shares issued and issuable in respect of (i) all options granted under the GEL Schemes, and (ii) all options granted under any other incentive schemes or share plans, shall not exceed 15% of the total issued share capital of the Company (excluding treasury shares) on the day immediately preceding the grant date. This rule may be amended by the Committee from time to time, but only after all required approvals have been obtained from the Board of Directors and the shareholders of the Company.

The exercise price for each share in respect of which an option is exercisable shall be fixed by the Committee at a price deemed by the Committee to accurately reflect the fair market value per share on the offering date.

### (i) Options granted on 27 February 2017

The Company granted a total of 39,800,000 options to subscribe for ordinary shares of the Company at market exercise price of \$0.1232 per share for 10,000,000 shares and at discounted exercise price of \$0.09856 per share for 29,800,000 shares. Letters of Offer for grant of options to selected employees were issued on 27 February 2017 ("grant date"). On 24 April 2017, the Company obtained shareholders' approval to grant 7,400,000 options to a Director of the Company at discounted price of \$0.09856 per share. The vesting period for the options ranged from 12 months to 24 months from the grant date.

<sup>(1)</sup> Mr Sanford Chee resigned as director of the Company on 23th April 2021.

**5. Share options (Continued)**

**(ii) Options granted on 23 February 2018**

The Company granted a total of 27,223,000 options to subscribe for ordinary shares of the Company at exercise price of \$0.12512 per share. Letters of Offer for grant of options to selected employees were issued on 23 February 2018 ("grant date"). The vesting period for the options is 24 months from the grant date.

**(iii) Details of options granted**

(a) Options granted to participants of the Company under the GEL Schemes are as follows:

Name	Aggregate options outstanding at 1 January 2021 '000	Aggregate options exercised since commencement of the Scheme or date of appointment, if later, to 31 December 2021 '000	Aggregate options cancelled and lapsed since commencement of the Scheme or date of appointment, if later, to 31 December 2021 '000	Aggregate options outstanding at 31 December 2021 '000
<b>Directors</b>				
Lee Kok Beng	2,400	-	-	2,400
Yeung Kin Bond, Sydney	7,400	-	-	7,400
Ng Say Tiong	13,000	-	-	13,000
Sanford Chee <sup>(1)</sup>	450	-	(450)	-
Kuek Eng Chye, Anthony	700	-	(700)	-
Fung Kau Lee, Glenn	700	-	(700)	-
<b>Others</b>	2,773	-	(250)	2,523
	<u>27,423</u>	<u>-</u>	<u>(2,100)</u>	<u>25,323</u>

(b) The options granted to the controlling shareholder, Yeung Kin Bond, Sydney, are as described in paragraph (a) above. There were no options granted to associates of the controlling shareholder during the financial year.

(c) During the financial year, no employee has received 5% or more of the total number of options available under any of the GEL Schemes.

(d) 2,000,000 (2020: 2,250,000) of the options have been granted to directors of subsidiaries and 523,000 (2020: 523,000) of the options have been granted to employees of subsidiaries. The movement of options was due to change in board composition of subsidiaries and employee turnover.

(e) 27,223,000 options were granted at a 20% discount to market price on 23 February 2018. There were no options granted during the financial year.

<sup>(1)</sup> Mr Sanford Chee resigned as director of the Company on 23th April 2021.

# Directors' Statement

## 5. Share options (Continued)

### (iii) Options granted details (Continued)

- (f) Under the GEL Schemes, share options granted, exercised and lapsed during the financial year and outstanding as at 31 December 2021 were as follows:

Date granted	Balance at 1 January 2021 '000	Exercised '000	Lapsed/ Cancelled '000	Balance at 31 December 2021 '000	Exercise price \$	Exercise period
27 February 2017	2,800	-	-	2,800	0.09856	27 Feb 2019 to 26 Feb 2022
24 April 2017	7,400	-	-	7,400	0.09856	27 Feb 2019 to 26 Feb 2022
23 February 2018	1,150	-	(1,150)	-	0.12512	23 Feb 2020 to 22 Feb 2021
23 February 2018	16,073	-	(950)	15,123	0.12512	23 Feb 2020 to 22 Feb 2023
	<u>27,423</u>	<u>-</u>	<u>(2,100)</u>	<u>25,323</u>		

## 6. Audit committee

The Audit Committee ("AC") is currently chaired by Mr Wong Quee Quee, Jeffrey (Independent Director) and includes Mr Kuek Eng Chye, Anthony (an Independent Director) and Mr Fung Kau Lee, Glenn (Non-Independent Director) as members.

The AC convened three meetings during the financial year under review, attended by the members of the AC and relevant management staff. The AC also meets with the external and internal auditors without the presence of the Company's management, at least once a year.

The AC carries out its functions in accordance with Section 201B(5) of the Act and the Code of Corporate Governance 2018, including the following:

- (i) Reviews the audit plans and results of the Company's external audits;
- (ii) Reviews the scope and results of internal audits conducted by the Company;
- (iii) Reviews the Group's financial and operating results and accounting policies;
- (iv) Reviews the audited financial statements of the Company and the Group for the financial year and external auditor's report on these statements before their submission to the Directors of the Company for consideration and approval thereafter;
- (v) Reviews the half-yearly and full-year results announcements of the Company and the Group to the SGX-ST;
- (vi) Ensures the co-operation and assistance by management to external auditors;
- (vii) Makes recommendations to the Board of Directors on the re-appointment of the external auditors and approved the remuneration and term of engagement of the external auditor;



## 6. Audit committee (Continued)

(viii) Reviews “interested person transactions” as defined in Chapter 9 of the Catalist Rules as required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company; and

(ix) Performs any other functions which may be agreed by the AC and the Board.

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

The AC has reviewed all non-audit services provided by the external auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence and objectivity of the external auditor. There was no non-audit fee paid to the Company’s external auditor for the financial year ended 31 December 2021.

The AC has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

Based on the internal and financial controls established and maintained by the Group and the reviews performed by the management and the external auditor’s review of the accounting internal controls, the AC and the Board are of the opinion that the Group’s internal controls addressing financial, operational and compliance risks, are adequate as at 31 December 2021.

## 7. Independent auditor

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

## 8. Additional disclosure requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited

The auditors of the subsidiaries of the Company are disclosed in Note 18 to the financial statements. In the opinion of the Board of Directors and AC, Rules 712 and 715 of the Catalist Rules have been complied with.

On behalf of the Board of Directors

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**Yeung Kin Bond, Sydney**  
Director

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**Ng Say Tiong**  
Director

Singapore  
14 April 2022

# Independent Auditor's Report

To the Members of GSS Energy Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of GSS Energy Limited (the "Company") and its subsidiaries (the "Group") as set out on page 72 to 148, 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;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity for the Company for the year ended on that date.

### Emphasis of Matter

We draw attention to Note 19 to the financial statements, which discloses that the associate has failed to deliver the required banker's guarantee amongst others, to fulfil the relevant requirements within the time-frame as required by the Indonesian state-owned entity on 18 February 2022, to secure an extension of the exploration period till February 2024. The banker's guarantee was only subsequently submitted to the Indonesian state-owned entity on 4 March 2022.

The associate had breached the terms and condition of the Operation Cooperation Agreement ("OCA") dated 2 November 2016 and the Indonesian state-owned entity has the right to terminate the OCA.

The formal approval for the extension of exploration period has not been received as at date of these financial statements. Notwithstanding this, the associate and the Indonesian state-owned entity continued to have meetings and discussions after submission of the required banker's guarantee. The Board of Directors and management have assessed that this is not expected to have significant impact on the accompanying financial statements. Our Opinion is not modified in respect of this matter.

### Basis for Opinion

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

### Key Audit Matters

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

## Key Audit Matters (Continued)

### 1 Impairment Assessment of Investment in an Associate and Amount Due from an Associate

#### Key Audit Matter

As at 31 December 2021, the Group's and the Company's investment in an associate comprise investment in equity interest of \$2,753,000 and \$2,791,000 respectively and amount due from the associate of \$9,862,000 and \$9,862,000 respectively. The associate is engaged in the exploration of oil and gas in Indonesia.

As at financial year end, the Group applied the general approach to measure the expected credit losses on the amount due from an associate. Based on the lifetime expected credit loss model, management determined that no expected credit loss to be made for the amount due from the associate.

The assessment of impairment of the investment in the associate depends on the validity of the exploration permits, financing arrangement and future plans for the evaluation and exploration project. Management has determined the recoverable amounts using the value-in-use method by estimating the present value of future cash flows of the associate and no impairment loss was recognised as at 31 December 2021.

We focused on this area as a key audit matter as significant management judgements and estimates are involved in the impairment assessment to derive the recoverable amount of the underlying exploration assets of the associate.

#### Related Disclosures

Refer to Notes 2.14, 2.15, 2.16, 3(b)(i), 3(b)(ii) and 19 of the accompanying financial statements.

#### Audit Response

We performed the following procedures, amongst others:

- Assessed the requirement for renewal for relevant exploration permit in the area of interests, the financing arrangement and future plans for the oil and gas evaluation and exploration project and other relevant supporting documents to evaluate management's impairment assessment;
- Discussed with management on the progress and planned activities of the related exploration project, identified factors used by management in the determination of the existence of oil reserves, and evaluated the feasibility studies undertaken by management in the conduct of the oil and gas exploration project;
- Discussed with management and evaluated the key assumptions made by management in preparing the discounted cash flows taking into consideration the current economic and business environment, and discount rates against market data;
- Evaluated the reasonableness of the discount rate used by engaging our internal specialist to independently develop an expectation of the discount rate;
- Evaluated management's assessment of expected credit loss in relation to the amount due from the associate in accordance with SFRS(I) 9 *Financial Instruments* by determining, *inter alia*, the appropriateness of the credit risk level in view of the progress of the exploration project; and
- Assessed the adequacy of the relevant disclosures made by management in the financial statements.

# ***Independent Auditor's Report***

To the Members of GSS Energy Limited

## **Other Information**

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# *Independent Auditor's Report*

To the Members of GSS Energy Limited

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Yeo Siok Yong.

### **BDO LLP**

Public Accountants and  
Chartered Accountants

Singapore  
14 April 2022



# Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b>Revenue</b>	4	<b>117,488</b>	106,376
Cost of sales		<b>(99,204)</b>	(88,106)
<b>Gross profit</b>		<b>18,284</b>	18,270
<b>Other items of income</b>			
Other income	5	<b>1,774</b>	3,166
Interest income	6	<b>174</b>	100
<b>Other items of expense</b>			
Selling and distribution expenses		<b>(9,916)</b>	(9,346)
Administrative expenses		<b>(4,002)</b>	(4,048)
Other expenses	8	<b>(17)</b>	(992)
Finance costs	9	<b>(466)</b>	(307)
Share of loss of an associate, net of tax	19	<b>(10)</b>	(5)
<b>Profit before income tax</b>	10	<b>5,821</b>	6,838
Income tax expense	11	<b>(772)</b>	(1,624)
<b>Profit for the financial year</b>		<b>5,049</b>	5,214
<b>Other comprehensive income:</b>			
<i>Item that may not be reclassified subsequently to profit or loss</i>			
Remeasurement of defined benefit pension scheme	33	<b>(95)</b>	(64)
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from translation of foreign operations		<b>1,353</b>	747
<b>Other comprehensive income for the financial year, net of tax</b>		<b>1,258</b>	683
<b>Total comprehensive income for the financial year</b>		<b>6,307</b>	5,897
<b>Profit attributable to:</b>			
Owners of the parent		<b>5,166</b>	5,592
Non-controlling interests		<b>(117)</b>	(378)
		<b>5,049</b>	5,214
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		<b>6,411</b>	6,276
Non-controlling interests		<b>(104)</b>	(379)
		<b>6,307</b>	5,897
<b>Earnings per share (cents)</b>			
Basic	12	<b>0.99</b>	1.13
Diluted	12	<b>0.99</b>	1.13

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

# Statements of Financial Position

As at 31 December 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	<b>23,485</b>	24,466	<b>3</b>	-
Intangible assets	14	<b>8</b>	13	-	-
Right-of-use assets	15	<b>5,733</b>	1,756	-	-
Land use rights	16	<b>1,382</b>	1,373	-	-
Exploration and evaluation assets	17	-	-	-	-
Investment in subsidiaries	18	-	-	<b>16,263</b>	16,263
Investment in an associate	19	<b>2,753</b>	2,763	<b>2,791</b>	2,791
Due from an associate	19	<b>9,862</b>	9,392	<b>9,862</b>	9,392
Deferred tax assets	20	<b>37</b>	37	-	-
Goodwill	21	<b>112</b>	112	-	-
Due from subsidiaries	22	-	-	-	5
		<b>43,372</b>	39,912	<b>28,919</b>	28,451
<b>Current assets</b>					
Inventories	23	<b>33,907</b>	14,648	-	-
Trade receivables	24	<b>26,535</b>	37,969	-	-
Other receivables and deposits	25	<b>6,492</b>	3,073	<b>4</b>	7
Prepayments		<b>236</b>	199	<b>10</b>	11
Due from a subsidiary	22	-	-	<b>2,408</b>	-
Due from a related party	26	<b>282</b>	282	-	-
Short-term investments	27	-	608	-	-
Cash and bank balances	28	<b>15,737</b>	7,064	<b>768</b>	6
		<b>83,189</b>	63,843	<b>3,190</b>	24
<b>Total assets</b>		<b>126,561</b>	103,755	<b>32,109</b>	28,475

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

# Statements of Financial Position

As at 31 December 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	29	26,356	20,681	-	-
Other payables and accruals	30	8,478	9,373	241	260
Lease liabilities	31	1,487	1,133	-	-
Due to a subsidiary	22	-	-	405	828
Current income tax payable		871	1,163	-	-
Loans and borrowings	32	14,524	8,807	-	-
		<b>51,716</b>	41,157	<b>646</b>	1,088
<b>Net current assets/(liabilities)</b>		<b>31,473</b>	22,686	<b>2,544</b>	(1,064)
<b>Non-current liabilities</b>					
Other payables and accruals	30	511	1,658	-	-
Lease liabilities	31	3,638	617	-	-
Loans and borrowings	32	3,970	4,382	-	-
Retirement benefit obligations	33	1,493	1,840	-	-
Deferred tax liabilities	20	108	108	-	-
		<b>9,720</b>	8,605	-	-
<b>Total liabilities</b>		<b>61,436</b>	49,762	<b>646</b>	1,088
<b>Net assets</b>		<b>65,125</b>	53,993	<b>31,463</b>	27,387
<b>Equity attributable to owners of the parent</b>					
Share capital	34	63,416	58,591	63,416	58,591
Accumulated losses		(3,360)	(8,310)	(35,677)	(34,928)
Other reserves	35	6,291	4,830	3,724	3,724
		<b>66,347</b>	55,111	<b>31,463</b>	27,387
<b>Non-controlling interests</b>		<b>(1,222)</b>	(1,118)	-	-
<b>Total equity</b>		<b>65,125</b>	53,993	<b>31,463</b>	27,387
<b>Total equity and liabilities</b>		<b>126,561</b>	103,755	<b>32,109</b>	28,475

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

# Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2021

	Note	Share capital \$'000	Accumulated losses \$'000	Foreign currency translation reserve \$'000	Statutory reserve \$'000	Share options reserve \$'000	Equity non-controlling interests \$'000	Total equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Group</b>										
Balance at 1 January 2021		58,591	(8,310)	(378)	1,352	3,724	132	55,111	(1,118)	53,993
Profit for the financial year		-	5,166	-	-	-	-	5,166	(117)	5,049
Other comprehensive income for the financial year										
Remeasurement of defined benefit scheme	33	-	(95)	-	-	-	-	(95)	-	(95)
Exchange differences arising from translation of foreign operations		-	-	1,340	-	-	-	1,340	13	1,353
<b>Total comprehensive income for the financial year</b>		-	5,071	1,340	-	-	-	6,411	(104)	6,307
<b>Total transactions with owners, recognised directly in equity</b>										
Issuance of ordinary shares	34	4,825	-	-	-	-	-	4,825	-	4,825
Transfer to statutory reserve		-	(121)	-	121	-	-	-	-	-
		4,825	(121)	-	121	-	-	4,825	-	4,825
<b>Balance at 31 December 2021</b>		<b>63,416</b>	<b>(3,360)</b>	<b>962</b>	<b>1,473</b>	<b>3,724</b>	<b>132</b>	<b>66,347</b>	<b>(1,222)</b>	<b>65,125</b>
<b>Balance at 1 January 2020</b>										
Balance at 1 January 2020		58,522	(13,768)	(1,126)	1,282	3,608	132	48,650	(739)	47,911
Profit for the financial year		-	5,592	-	-	-	-	5,592	(378)	5,214
Other comprehensive income for the financial year										
Remeasurement of defined benefit scheme	33	-	(64)	-	-	-	-	(64)	-	(64)
Exchange differences arising from translation of foreign operations		-	-	748	-	-	-	748	(1)	747
<b>Total comprehensive income for the financial year</b>		-	5,528	748	-	-	-	6,276	(379)	5,897
<b>Total transactions with owners, recognised directly in equity</b>										
Issuance of ordinary shares	34	69	-	-	-	-	-	69	-	69
Transfer to statutory reserve		-	(70)	-	70	-	-	-	-	-
Share option expenses	35	-	-	-	-	116	-	116	-	116
		69	(70)	-	70	116	-	185	-	185
<b>Balance at 31 December 2020</b>		<b>58,591</b>	<b>(8,310)</b>	<b>(378)</b>	<b>1,352</b>	<b>3,724</b>	<b>132</b>	<b>55,111</b>	<b>(1,118)</b>	<b>53,993</b>

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

# Statement of Changes in Equity

For the Financial Year Ended 31 December 2021

	Note	Share capital \$'000	Accumulated losses \$'000	Share options reserve \$'000	Total equity \$'000
<b>Company</b>					
<b>Balance at 1 January 2021</b>		<b>58,591</b>	<b>(34,928)</b>	<b>3,724</b>	<b>27,387</b>
Loss for the financial year, representing total comprehensive income for financial year		-	(749)	-	(749)
<b>Total transactions with owners, recognised directly in equity</b>					
Issuance of ordinary shares	34	4,825	-	-	4,825
<b>Balance at 31 December 2021</b>		<b>63,416</b>	<b>(35,677)</b>	<b>3,724</b>	<b>31,463</b>
<b>Balance at 1 January 2020</b>		58,522	(33,783)	3,608	28,347
Loss for the financial year, representing total comprehensive income for financial year		-	(1,145)	-	(1,145)
<b>Total transactions with owners, recognised directly in equity</b>					
Issuance of ordinary shares	34	69	-	-	69
Share option expenses	35	-	-	116	116
		69	-	116	185
<b>Balance at 31 December 2020</b>		<b>58,591</b>	<b>(34,928)</b>	<b>3,724</b>	<b>27,387</b>

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

# Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b>Operating activities</b>			
Profit before income tax		5,821	6,838
Adjustments for:			
Amortisation of intangible assets	14	5	17
Amortisation of land use rights	16	57	55
Amortisation of right-of-use assets	15	1,529	1,303
Depreciation of property, plant and equipment	13	2,616	2,483
Finance costs	9	466	307
Gain on disposal of property, plant and equipment	5	(459)	(8)
Interest income	6	(174)	(100)
Inventories written off	23	51	45
Overprovision of retirement benefits obligation in prior year	5	(531)	-
Property, plant and equipment written off	10	-	46
Share of loss of an associate		10	5
Share option expenses	35	-	116
Unrealised exchange difference		(132)	428
<b>Operating profit before working capital changes</b>		<b>9,259</b>	11,535
<b>Working capital changes:</b>			
Inventories		(18,959)	(3,364)
Trade receivables		12,222	(15,506)
Other receivables and deposits		(3,346)	(1,513)
Prepayments		(35)	98
Due from a related party		-	(66)
Due from an associate		(9)	-
Trade payables		5,167	6,578
Other payables and accruals		(2,037)	1,289
Provision for retirement benefit obligations		115	11
<b>Cash generated from/(used in) operations</b>		<b>2,377</b>	(938)
Interest received		174	100
Income taxes paid		(1,062)	(578)
<b>Net cash generated from/(used in) operating activities</b>		<b>1,489</b>	(1,416)
<b>Investing activities</b>			
Acquisition of short-term investments		(14,435)	(6,168)
Proceeds from disposal of short-term investments		15,059	6,565
Proceeds from disposal of property, plant and equipment		472	8
Purchase of property, plant and equipment	13	(865)	(5,858)
Loan to an associate		(461)	-
<b>Net cash used in investing activities</b>		<b>(230)</b>	(5,453)

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



# Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b>Financing activities</b>			
Proceeds from bank loans	A	65,803	37,229
Repayment of bank loans	A	(60,677)	(29,436)
Proceeds from issue of ordinary shares	34	4,825	69
Initial payment of obligation under leases	15	(557)	-
Repayments of principal of lease liabilities	31	(1,560)	(1,337)
Repayments of interest of lease liabilities	31	(125)	(67)
Interest paid		(341)	(240)
Decrease in bank deposits pledged		-	337
<b>Net cash generated from financing activities</b>		<b>7,368</b>	<b>6,555</b>
Net change in cash and cash equivalents		8,627	(314)
Effect of foreign exchange rate changes in cash and cash equivalents		46	127
Cash and cash equivalents at beginning of financial year		7,064	7,251
<b>Cash and cash equivalents at end of financial year</b>	28	<b>15,737</b>	<b>7,064</b>

## Note A: Reconciliation of liabilities arising from financing activities

	At the beginning of the financial year \$'000	Cash flows \$'000	Non-cash changes Foreign exchange differences \$'000	At the end of the financial year \$'000
<b>2021</b>				
Bank borrowings	13,189	5,126	179	18,494
<b>2020</b>				
Bank borrowings	5,494	7,793	(98)	13,189

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

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

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

## 1. General corporate information

GSS Energy Limited (the "Company" or "GSS") is a public company limited by shares incorporated and domiciled in Singapore. The Company is listed since 12 February 2015 on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's registration number is 201432529C. Its registered office is at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 and its principal place of business is at Blk 4012 Ang Mo Kio Ave 10 #05-01 Techplace 1, Singapore 569628.

The principal activities of the Company are those of investment holding and provides management support strategic direction for its Group's companies. The principal activities of the subsidiaries and an associate are disclosed in Notes 18 and 19, respectively, to the financial statements.

The ultimate controlling party is Yeung Kin Bond, Sydney. Related companies in these financial statements refer to members of the GSS Energy Limited group.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("S") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("S'000") as indicated.

The preparation of financial statements in compliance with SFRS(I)s requires the management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3 to the financial statements.

#### Changes in accounting policies

##### *New standards, amendments and interpretations effective from 1 January 2021*

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

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation of financial statements (Continued)

#### Changes in accounting policies (Continued)

#### *SFRS(I) issued but not yet effective*

As at the date of authorisation of these financial statements, the Group and the Company have not adopted the following SFRS(I) that have been issued but are not yet effective:

	<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 16 (Amendments) : Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
SFRS(I) 3 (Amendments) : Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16 (Amendments) : Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37 (Amendments) : Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Various amendments : Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
SFRS(I) 17 : Insurance Contracts	1 January 2023
SFRS(I) 1-1 (Amendments) : Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 1-1 and SFRS(I) : Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
SFRS(I) 1-8 (Amendments) : Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12 and SFRS(I) 1 (Amendments) : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
SFRS(I) 17 (Amendments) : Various Amendments	1 January 2023
SFRS(I) 17 (Amendments) : Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
SFRS(I) 10 and SFRS(I) 1-28 (Amendments) : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Consequential amendments were also made to various standards as a result of these new or revised standards.

Management anticipates that the adoption of the above SFRS(I)s in future periods, if applicable, will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

# *Notes to the Financial Statements*

For the Financial Year Ended 31 December 2021

## **2. Summary of significant accounting policies (Continued)**

### **2.2 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Control is reassessed whenever the facts and circumstances indicate that there may be a change in the elements of control.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

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

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

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate.

In the separate financial statements of the Company, investments in subsidiaries and associate are carried at cost less any impairment loss that has been recognised in profit or loss.

### 2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

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

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

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

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.4 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both.

#### Sale of mechanism and microshaft products

The Group is involved in the supply of mechanism, microshaft and other related precision engineering products. The revenue is recognised at a point in time when control of the goods is transferred to the customers. This is generally when the goods are delivered to the customers. For overseas sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract. Revenue is measured at transaction price agreed under contract with credit term of 30 to 120 days.

#### Rendering of services – Product assembly

The product assembly services involved assembling of parts and material, packaging and labelling. There is only one distinct performance obligation identified under the contracts with customers which is to provide assembly services to the customers. Revenue is recognised at a point in time when the significant acts have been completed and when transfer of control occurs.

The revenue is measured at the transaction price agreed under the contract with a credit term of 30 to 95 days.

#### Interest income

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

#### Cost recovery for termination of contract with customers

Cost recovery from customers for costs incurred for terminated contracts is included in profit or loss when the amount becomes unconditionally receivable.

### 2.5 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

### 2.6 Employee benefits

#### Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as expenses as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.



# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.6 Employee benefits (Continued)

#### Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the financial year.

#### Retirement gratuity

Retirement benefits payable to certain categories of employees upon their retirement are provided for in the financial statements based on their entitlement under the staff benefit plan.

The Group's net obligation in respect of retirement benefits is the amount of future benefits that employees have earned in return for their service in current and prior periods. The obligation is calculated using projected salary increases and is discounted to its present value, and the fair value of any related assets is deducted.

#### Employee service entitlement benefits

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined benefit plan surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on government bonds that have maturity dates approximating to the terms of the liabilities.

Remeasurements of the net defined benefit obligation are recognised directly within equity. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)

Service costs are recognised in profit or loss and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the year.

Gains or losses arising from changes to plan benefits or plan curtailment are recognised immediately in profit or loss.

Settlements of defined benefit plan are recognised in the period in which the settlement occurs.

# **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

## **2. Summary of significant accounting policies (Continued)**

### **2.7 Equity-settled share-based payment**

The Group operates GSS Energy Limited Executives' Share Option Scheme which allows it to issue equity-settled share-based payments to selected key management personnel and employees of the Group. For equity-settled share-based payment, the fair value of the services received is recognised as an employee expense, with a corresponding increase in equity, over the vesting period during which the executives become unconditionally entitled to the equity instrument. The fair value of the services is determined by reference to the fair value of the equity instrument granted at the grant date.

The cumulative expense recognised for equity-settled transactions at each reporting date reflects the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for the financial year represents the movement in cumulative expense recognised as at the beginning and end of that financial year.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of equity instrument, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

### **2.8 Income tax**

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

#### Current income tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### Deferred tax

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

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.8 Income tax (Continued)

#### Deferred tax (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Unrecognised deferred tax assets are reassessed at the end of each financial year and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

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

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

#### Sales tax

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

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

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

# **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

## **2. Summary of significant accounting policies (Continued)**

### **2.9 Foreign currency transactions and translation**

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

Exchange differences arising on the settlements of monetary items and on re-translation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are taken to the foreign currency translation reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### **2.10 Property, plant and equipment**

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

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

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

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

Leasehold buildings	20 years
Leasehold improvements	5 to 10 years
Machinery, furniture and equipment	3 to 6 years
Motor vehicles	4 years

Construction-in-progress, which represents direct cost incurred for construction of factory and office premises. No depreciation is charged on construction-in-progress as they are not yet in use.

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

The residual values, estimated useful life and depreciation method are reviewed at the end of each reporting period to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

### 2.11 Intangible assets

#### Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill on acquisition of subsidiaries prior to 1 January 2010 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.11 Intangible assets (Continued)

#### Goodwill (Continued)

Goodwill of subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

#### Computer software

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

Computer software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 years.

### 2.12 Land use rights

Land use rights are initially recognised at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment loss. Land use rights are amortised over a lease term of 50 years.

### 2.13 Exploration, evaluation and development assets ("EE&D")

#### Exploration and evaluation assets

Exploration and evaluation activity involves the search for oil and gas resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss. Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

- (i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or



# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.13 Exploration, evaluation and development assets ("EE&D") (Continued)

#### Exploration and evaluation assets (Continued)

- (ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets comprise costs that are directly attributable to: researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies and/or gaining access to areas of interest including occupancy and relocation compensation.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to development assets or oil and gas properties, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. If no potentially commercial oil and gas reserves are discovered, the exploration asset is written off as dry hole in profit or loss. If extractable oil and gas reserves are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an exploration and evaluation asset while sufficient/continued progress is made in assessing the commerciality of the oil and gas reserves.

#### Development assets

Development assets are incurred within an area of interest as a component of a commercial development phase only upon commitment to a commercial development.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development on delineation wells, is capitalised within development assets.

Depletion is not charged on costs carried in respect of areas of interest in the development phase until production commences. When production commences, carried forward development expenditure are transferred to oil and gas properties.

Development assets are reviewed for impairment in accordance with the Group's accounting policy on impairment of non-financial assets as set out in Note 2.15 to these financial statements.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.14 Associates

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

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate.

Where the Group transacts with an associate, unrealised profits are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

### 2.15 Impairment of non-financial assets excluding goodwill and exploration and evaluation assets

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

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

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.16 Financial instruments

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

#### **Financial assets**

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

#### Amortised cost

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

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the provision matrix to determine the lifetime expected credit losses. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

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

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.16 Financial instruments (Continued)

#### **Financial assets** (Continued)

##### Amortised cost (Continued)

The Group's financial assets measured at amortised cost comprise trade receivables, other receivables (excluding advance payment and government grant receivables), cash and bank balances, amount due from subsidiaries, amount due from an associate and amount due from a related party in the statements of financial position.

##### Financial assets at fair value through profit or loss ("FVTPL")

Debt instruments that are held for trading as well as those that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income are measured at FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other items of income".

##### Derecognition of financial assets

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

#### **Offsetting and netting**

Financial assets and financial liabilities are only offset and the net amount reported on the statements of financial position when there is a legally enforceable right to set off the recognised amounts and where the Group and the Company intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Financial liabilities and equity instruments**

##### Classification as debt or equity

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

##### Equity instrument

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

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the services.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.16 Financial instruments (Continued)

#### **Financial liabilities and equity instruments** (Continued)

##### Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost.

##### *Trade payables, other payables and accruals and amount due to a subsidiary*

Trade payables, other payables and accruals (excluding advances received from customers and deferred government grant) and amount due to a subsidiary are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

##### *Loans and borrowings*

Interest-bearing bank loans are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.5).

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

##### *Financial guarantee contracts*

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

- a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- b) the amount of loss provisions determined in accordance with SFRS(I) 9.

##### Derecognition of financial liabilities

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

# **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

## **2. Summary of significant accounting policies (Continued)**

### **2.17 Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out method. Costs include all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress and manufactured products, costs include materials, direct labour and an appropriate proportion of production overhead expenditure.

Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the costs of completion and costs of realisation. Allowance is made for obsolete, slow moving and defective inventories.

### **2.18 Cash and bank balances**

Cash and bank balances consist of cash on hand, cash and deposits with banks and financial institutions. Cash and bank balances 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.

### **2.19 Leases**

*As lessee*

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

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

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

#### Initial measurement

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

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



# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 2. Summary of significant accounting policies (Continued)

### 2.19 Leases (Continued)

*As lessee* (Continued)

#### Initial measurement (Continued)

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

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

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

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

The Group presents the right-of-use assets and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

#### Subsequent measurement

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

	<b>Years</b>
Leasehold lands, office premises and warehouse	2 to 5
Equipment	3
Machinery	6

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.15 to the financial statements.

**2. Summary of significant accounting policies** (Continued)

**2.19 Leases** (Continued)

*As lessee* (Continued)

Subsequent measurement (Continued)

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

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

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

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

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

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

# **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

## **2. Summary of significant accounting policies (Continued)**

### **2.20 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

### **2.21 Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants related to asset are deducted against the carrying amount of the asset.

Government grants related to expenses are accounted for in the year where the related costs it intends to compensate is incurred and recognised in the profit or loss. Such government grants are presented under "Other income". Government grants which are receivables in relation to expenses to be incurred in a subsequent financial period, are included as government grant receivables and deferred government grants, classified as current assets and current liabilities in the statements of financial position.

### **2.22 Dividends**

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

## **3. Critical accounting judgements and key sources of estimation uncertainty**

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

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

### **(a) Critical judgements in applying the Group's and the Company's accounting policies**

In the process of applying the Group's and the Company's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

#### (i) Impairment assessment of investment in an associate

The principal activities of the Group's and the Company's investment in an associate is in the exploration of oil and gas as per disclosed in Note 19 to the financial statements. The impairment assessment of the investment in the associate depends on the validity of the exploration permits, the progress of the exploration project including but not limited to the future plans for the evaluation and exploration project. During the financial year, management carried out an impairment assessment on investment in an associate and concluded that there is no impairment loss as at 31 December 2021. The carrying amounts of the Group's and the Company's investment in an associate as at 31 December 2021 were approximately \$2,753,000 and \$2,791,000 (2020: \$2,763,000 and \$2,791,000) respectively.

#### (ii) Loss allowance for amount due from an associate

The Group and the Company are required to assess and recognise a loss allowance for expected credit loss on amount due from an associate in accordance with SFRS(I) 9 *Financial Instruments*. Management has made the assessment based on whether there has been a significant increase in the credit risk of the amount due from an associate since its initial recognition. Based on the progress of the exploration project, the Group and the Company assessed the amount of allowance to be recognised based on lifetime expected credit loss model and concluded that no expected credit loss to be made as at 31 December 2021. The carrying amounts of the Group's and the Company's amount due from an associate at the end of the financial year was \$9,862,000 and \$9,862,000 (2020: \$9,392,000 and \$9,392,000) respectively.

#### (iii) Defined benefit plan

The expenses, assets and liabilities of the defined benefit plan managed by the Group are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in Note 33 to the financial statements. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the consolidated statement of comprehensive income and the consolidated statement of financial position. The carrying amount of the Group's defined benefit plan at the end of the financial year was \$1,279,000 (2020: \$1,602,000) in Indonesia.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

### (b) Key sources of estimation uncertainty (Continued)

#### (iv) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The average incremental borrowing rate applied to lease liabilities as at 31 December 2021 was 2.73% (2020: 3.20%). The carrying amount of lease liabilities as at 31 December 2021 was \$5,125,000 (2020: \$1,750,000). If the incremental borrowing rate had been 5% higher or lower than management's estimates, the Group's lease liabilities would have been approximately \$256,000 (2020: \$88,000) lower or higher for the Group.

#### (v) Loss allowance for trade receivables

Management establishes the loss allowance for trade receivables based on expected credit loss model. In determining the expected credit losses for trade receivables, management categorised the trade debtors based on their historical loss pattern, historical payment profile and adjusted for the forward looking information such as industry performance.

Additionally, management also evaluates expected credit loss for customers in financial difficulties separately (credit-impaired). The carrying amount of trade receivables of the Group as at 31 December 2021 was approximately \$26,535,000 (2020: \$37,969,000).

# *Notes to the Financial Statements*

For the Financial Year Ended 31 December 2021

## 4. Revenue

### Disaggregation of revenue

The Group has disaggregated revenue into various categorical in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors; and
- enable users to understand the relationship with revenue segment information provided in Note 37 to the financial statements.

Segments	Mechanisms		Microshafts		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Primary geographical markets</i>						
Indonesia	<b>74,123</b>	66,053	<b>1,036</b>	570	<b>75,159</b>	66,623
China	<b>5,215</b>	6,429	<b>9,465</b>	7,327	<b>14,680</b>	13,756
Singapore	<b>12,972</b>	11,126	<b>1,314</b>	915	<b>14,286</b>	12,041
Italy	-	-	<b>1,896</b>	1,485	<b>1,896</b>	1,485
Germany	<b>17</b>	39	<b>1,780</b>	1,362	<b>1,797</b>	1,401
Malaysia	<b>19</b>	90	<b>1,126</b>	956	<b>1,145</b>	1,046
Japan	<b>886</b>	2,286	<b>228</b>	352	<b>1,114</b>	2,638
United State of America	<b>18</b>	-	<b>915</b>	496	<b>933</b>	496
Others	<b>537</b>	1,809	<b>5,941</b>	5,081	<b>6,478</b>	6,890
	<b>93,787</b>	87,832	<b>23,701</b>	18,544	<b>117,488</b>	106,376
<i>Type of good or services</i>						
Sale of goods	<b>85,640</b>	79,124	<b>23,701</b>	18,544	<b>109,341</b>	97,668
Services rendered	<b>8,147</b>	8,708	-	-	<b>8,147</b>	8,708
	<b>93,787</b>	87,832	<b>23,701</b>	18,544	<b>117,488</b>	106,376
<i>Timing of transfer of goods and services</i>						
Point in time	<b>93,787</b>	87,832	<b>23,701</b>	18,544	<b>117,488</b>	106,376



## Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

### 5. Other income

	Group	
	2021 \$'000	2020 \$'000
Gain on disposal of property, plant and equipment	459	8
Government grants		
- Jobs support scheme	71	716
- Foreign worker levy rebate	-	57
- Rent concessions arising from COVID-19	-	60
- E2I Enhanced work-life grant income (COVID-19)	40	-
- Others	300	207
Income from disposal of scrap materials	158	95
Cost recovery for termination of contract with customers	-	2,016
Cost recovery for freight claims with customers	211	-
Overprovision of retirement benefits obligation in prior year	531	-
Others	4	7
	<b>1,774</b>	<b>3,166</b>

In the previous financial year, the Group received one-off cost recovery amounted to approximately \$2,016,000 from customers for the termination of contracted manufacturing projects.

### 6. Interest income

	Group	
	2021 \$'000	2020 \$'000
Financial assets measured at amortised cost		
- Bank and short-term deposits	79	51
Financial assets measured at FVTPL		
- Short-term investments	95	49
	<b>174</b>	<b>100</b>

# *Notes to the Financial Statements*

For the Financial Year Ended 31 December 2021

## 7. Employee benefits expense

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Short-term employee benefits	<b>21,796</b>	19,763
Defined contribution plans	<b>1,506</b>	1,342
Defined benefit plan	<b>(347)</b>	199
Employee share options expenses	-	116
Other personnel expenses	<b>1,158</b>	1,246
	<b>24,113</b>	22,666

The above includes remuneration of Directors and key management as disclosed in Note 36 to the financial statements.

The employee benefits expense are recognised in the following line items in the consolidated statement of comprehensive income:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Cost of sales	<b>15,116</b>	13,400
Selling and distribution expenses	<b>7,327</b>	6,966
Administrative expenses	<b>2,201</b>	2,300
Other income	<b>(531)</b>	-
	<b>24,113</b>	22,666

## 8. Other expenses

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Foreign exchange loss, net	<b>17</b>	992

## 9. Finance costs

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Interest expense		
- loans and borrowings	<b>341</b>	240
- lease liabilities (Note 31)	<b>125</b>	67
	<b>466</b>	307

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 10. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<hr/>		
<u>Cost of sales</u>		
Cost of inventories recognised as expenses	<b>70,169</b>	62,557
Depreciation of property, plant and equipment	<b>1,948</b>	2,007
Amortisation of land use rights	<b>57</b>	55
Amortisation of right-of-use assets	<b>1,256</b>	991
Inventories written off	<b>51</b>	45
Lease expenses on:		
- low value assets	-	8
Property, plant and equipment written off	-	46
	<hr/>	
<u>Selling and distribution expenses</u>		
Amortisation of right-of-use assets	<b>244</b>	163
Depreciation of property, plant and equipment	<b>207</b>	122
Lease expenses on:		
- short-term leases	<b>20</b>	-
- low value assets	<b>36</b>	5
Professional fees	<b>191</b>	25
	<hr/>	
<u>Administrative expenses</u>		
Amortisation of intangible assets	<b>5</b>	17
Amortisation of right-of-use assets	<b>29</b>	149
Audit fees		
- Auditor of the Company	<b>162</b>	157
- Other auditors	<b>55</b>	48
Depreciation of property, plant and equipment	<b>461</b>	354
Lease expenses on:		
- short-term leases	<b>2</b>	-
- low value assets	<b>5</b>	20
Professional fees	<b>245</b>	190
	<hr/>	

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 11. Income tax expense

Major components of income tax expense for the financial year are:

	Group	
	2021 \$'000	2020 \$'000
Current income tax		
- current financial year	1,000	1,127
- (over)/under provision in respect of prior financial years	(282)	389
- withholding tax	52	-
	770	1,516
Deferred income tax		
- current financial year	12	29
- (over)/under provision in respect of prior financial years	(10)	79
	2	108
	772	1,624

### Reconciliation of effective tax rate

Domestic income tax is calculated at 17% (2020: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2020: 17%) to profit before income tax as a result of the following differences:

	Group	
	2021 \$'000	2020 \$'000
Profit before income tax	5,821	6,838
Share of loss of an associate, net of tax	10	5
	5,831	6,843
Income tax at the applicable tax rate of 17% (2020: 17%)	991	1,163
Tax effect of:		
- Income not taxable for income tax purposes	(216)	(511)
- Expenses not deductible for income tax purposes	257	372
Partial tax exemption	(35)	(18)
Effect of different tax rates of overseas operations	209	152
Utilisation of deferred tax assets previously not recognised	-	(90)
(Over)/under provision for tax in respect of prior years	(292)	468
Deferred tax assets not recognised during the financial year	33	2
Enhanced tax reduction	(227)	(8)
Withholding tax expenses	52	-
Others	-	94
	772	1,624

## Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

### 12. Earnings per share (cents)

Basic earnings per share is calculated by dividing net profit for the financial year attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the financial year. For the calculation of diluted earnings per share, the profit for the year attributable to the owners of the parent and the weighted average number of ordinary shares are adjusted for the effects of dilutive potential ordinary shares assuming all options have been converted or exercised.

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>Group</b>	
	<b>2021</b>	2020
<b>Earnings (\$'000)</b>		
Profit for the year attributable to owners of the parent (for the purpose of basic and diluted earnings per share)	<b>5,166</b>	5,592
<b>Number of shares ('000)</b>		
Number of shares	<b>580,192</b>	496,859
Weighted average number of ordinary shares - Basic	<b>523,343</b>	496,845
Basic earnings per share (cents)	<b>0.99</b>	1.13

The diluted earnings per share for the financial years ended 31 December 2021 and 2020 are the same as the basic earnings per share as the potential ordinary shares as disclosed in Note 35 to the financial statements are anti-dilutive because the average market prices during the respective periods were below the respective exercise prices.

## Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

### 13. Property, plant and equipment

Group	Leasehold buildings \$'000	Construction in Progress \$'000	Leasehold improvements \$'000	Machinery, furniture and equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost</b>						
At 1 January 2021	4,602	12,948	6,431	46,474	575	71,030
Additions	-	86	46	794	24	950
Written off	-	-	-	(322)	-	(322)
Disposal	(131)	-	(30)	(19)	(29)	(209)
Currency realignment	220	217	111	1,037	12	1,597
At 31 December 2021	4,691	13,251	6,558	47,964	582	73,046
<b>Accumulated depreciation</b>						
At 1 January 2021	909	-	5,249	39,853	553	46,564
Depreciation charge for the year	230	-	281	2,095	10	2,616
Written off	-	-	-	(322)	-	(322)
Disposal	(131)	-	(23)	(13)	(29)	(196)
Currency realignment	46	-	76	767	10	899
At 31 December 2021	1,054	-	5,583	42,380	544	49,561
<b>Net carrying amount</b>						
At 31 December 2021	3,637	13,251	975	5,584	38	23,485

Group	Leasehold buildings \$'000	Construction in Progress \$'000	Leasehold improvements \$'000	Machinery, furniture and equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost</b>						
At 1 January 2020	4,391	-	6,327	44,618	691	56,027
Additions	-	12,948	18	2,613	7	15,586
Written off	-	-	-	(58)	(52)	(110)
Disposal	-	-	-	-	(8)	(8)
Currency realignment	211	-	86	(699)	(63)	(465)
At 31 December 2020	4,602	12,948	6,431	46,474	575	71,030
<b>Accumulated depreciation</b>						
At 1 January 2020	654	-	5,032	38,500	649	44,835
Depreciation charge for the year	220	-	289	1,947	27	2,483
Written off	-	-	-	(12)	(52)	(64)
Disposal	-	-	-	-	(8)	(8)
Currency realignment	35	-	(72)	(582)	(63)	(682)
At 31 December 2020	909	-	5,249	39,853	553	46,564
<b>Net carrying amount</b>						
At 31 December 2020	3,693	12,948	1,182	6,621	22	24,466



## Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

### 13. Property, plant and equipment (Continued)

	Company 2021 \$'000
<b>Office Equipment</b>	
<b>Cost</b>	
At 1 January	-
Addition	<u>3</u>
At 31 December	<u>3</u>
<b>Accumulated depreciation</b>	
At 1 January	-
Depreciation charge for the year	<u>*</u>
At 31 December	<u>-</u>
<b>Net carrying amount</b>	
At 31 December	<u><u>3</u></u>

\*denotes less than \$1,000

The construction-in-progress relate to capital expenditure for a new factory building in Batam Indonesia.

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment during the financial year were financed as follows:

	Group	
	2021 \$'000	2020 \$'000
Additions to property, plant and equipment	950	15,586
Deposits	-	(5,371)
Other payables (Note 30)	<u>(85)</u>	<u>(4,357)</u>
Cash payments to acquire property, plant and equipment	<u><u>865</u></u>	<u><u>5,858</u></u>

## **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

### 14. Intangible assets

	Group	
	2021 \$'000	2020 \$'000
<b>Computer software</b>		
<b>Cost</b>		
At 1 January	246	248
Currency realignment	4	(2)
At 31 December	250	246
<b>Accumulated amortisation</b>		
At 1 January	233	218
Amortisation	5	17
Currency realignment	4	(2)
At 31 December	242	233
<b>Carrying amount</b>		
At 31 December	8	13

The amortisation of intangible assets is included in "administrative expenses" line item in profit or loss.

### 15. Right-of-use assets

	Leasehold lands, office premises and warehouse	Equipment	Machinery	Total
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
<b>Cost</b>				
Balance at 1 January 2021	1,638	20	98	1,756
Lease modification	3,598	-	-	3,598
Additions	-	-	1,820	1,820
Amortisation charge	(1,250)	(20)	(259)	(1,529)
Currency realignment	79	-	9	88
Balance at 31 December 2021	4,065	-	1,668	5,733
<b>Cost</b>				
Balance at 1 January 2020	1,336	37	-	1,373
Additions	1,596	-	104	1,700
Amortisation charge	(1,278)	(19)	(6)	(1,303)
Currency realignment	(16)	2	-	(14)
Balance at 31 December 2020	1,638	20	98	1,756

The fully amortised equipment has been returned to the lessor at the end of the lease period.

## Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

### 15. Right-of-use assets (Continued)

For the purpose of the statement of cash flows, the Group's additions to right-of-use assets during the financial year comprised:

	2021 \$'000	2020 \$'000
Additions of right-of-use assets	1,820	1,700
Lease liabilities (Note 31)	(1,263)	(1,700)
Net cash payments made	<u>557</u>	<u>-</u>

#### Restrictions

Included in the above, machinery with carrying amount of \$1,668,000 (2020: \$98,000), is secured over the lease liabilities of \$1,040,000 (2020: \$87,000) as at 31 December 2021. The machinery will be seized and returned to lessor in the event of default in repayment by the Group.

### 16. Land use rights

	Group	
	2021 \$'000	2020 \$'000
<b>Cost</b>		
At 1 January	1,670	1,594
Currency realignment	82	76
At 31 December	<u>1,752</u>	<u>1,670</u>
<b>Accumulated amortisation</b>		
At 1 January	297	230
Amortisation	57	55
Currency realignment	16	12
At 31 December	<u>370</u>	<u>297</u>
<b>Carrying amount</b>		
At 31 December	<u>1,382</u>	<u>1,373</u>

At 31 December 2021, the Group has land use rights over 1 plot (2020: 1 plot) of state-owned land in China where the Group's operations reside. The land use rights are non-transferable and have remaining tenure of 43 years (2020: 44 years).

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 17. Exploration and evaluation assets

	West Jambi	
	2021 \$'000	2020 \$'000
<b>Group</b>		
<b>Cost</b>		
At 1 January	2,999	2,999
Written off	(2,999)	-
At 31 December	-	2,999
<b>Accumulated impairment loss</b>		
At 1 January	2,999	2,999
Written off	(2,999)	-
At 31 December	-	2,999
<b>Carrying amount</b>		
At 31 December	-	-

The Group through its wholly-owned subsidiary, GSS Energy Sumatra Limited ("GESL"), entered into an Investment Agreement between Ramba Energy West Jambi Limited ("REWJ") and Ramba Energy Exploration Limited ("REEL") to fund drilling cost for exploration of 2 wells in West Jambi, Sumatra, Indonesia up to US\$6.0 million for a period up to 30 September 2018.

In the previous financial year, the Group carried out an impairment assessment of the recoverable amount of West Jambi project in the oil and gas segment. The exploration and drilling right expired on 30 September 2018 and had not been formally extended. The Group had not been provided with budget or future plan of the project. In view of the uncertainty surrounding the project, the Group had fully impaired the investment cost and recognised impairment loss of \$2,999,000 in other expenses. The recoverable amount of the investment was determined to be \$Nil as at 31 December 2020, on the basis of fair value less cost of disposal. The impairment loss was based on the fair value hierarchy of Level 3.

During the financial year, REWJ received a termination notice for West Jambi project. Accordingly, the Group decided to write off the exploration and evaluation assets of the West Jambi project as at 31 December 2021.

## 18. Investment in subsidiaries

	Company	
	2021 \$'000	2020 \$'000
Unquoted equity shares, at cost	16,343	16,343
Allowance for impairment losses	(80)	(80)
	16,263	16,263

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 18. Investment in subsidiaries (Continued)

Details of subsidiaries:

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		2021 %	2020 %	2021 %	2020 %
<b>Held by the Company</b>					
Giken Sakata (S) Limited <sup>(1)</sup> (Singapore)	Manufacture and sale of microshafts and other precision parts and assembly of mechanisms used in computers and a range of electronic products	100	100	-	-
GSS Energy Sumatra Limited <sup>(4)</sup> (British Virgin Island)	Investment holding	100	100	-	-
Giken Motors Asia Pacific Pte. Ltd. (formerly known as Nusantara Resources Pte. Ltd.) <sup>(4)</sup> (Singapore)	Dormant	100	100	-	-
<b>Held by Giken Sakata (S) Limited</b>					
Changzhou Giken Precision Co., Ltd. <sup>(3)</sup> (People's Republic of China)	Manufacture and sale of microshafts and other precision parts	100	100	-	-
Giken Precision Engineering (S) Pte. Ltd. <sup>(1)</sup> (Singapore)	Manufacture of basic precious and non-ferrous metal products	100	100	-	-
P.T. Giken Precision Indonesia <sup>(2)</sup> (Indonesia)	Assembly of mechanisms and manufacture of precision parts used in computers and a range of electronic products	100	100	-	-
Turbo Charge Limited <sup>(4)</sup> (British Virgin Island)	Investment holding	80	80	20	20
P.T. Giken Technology Indonesia <sup>(4)</sup> (Indonesia)	Dormant	100	100	-	-
Giken Trading (S) Pte. Ltd. <sup>(1)</sup> (Singapore)	Sale and distribution of consumer electronics and other products	100	100	-	-
PT Gading Prima Indo <sup>(4)</sup> (Indonesia)	Sale and distribution of consumer electronics	100	100	-	-

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 18. Investment in subsidiaries (Continued)

Details of subsidiaries: (Continued)

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		2021 %	2020 %	2021 %	2020 %
<b>Held by Giken Sakata (S) Limited</b>					
(Continued)					
I-Motor Asia Limited <sup>(4)</sup> (British Virgin Island)	Manufacture and distribution of motorcycles	<b>51</b>	51	<b>49</b>	49
Giken Mobility Pte. Ltd. <sup>(1)(a)</sup> (Singapore)	Manufacture and assembly of motorcycles and scooters	<b>100</b>	100	-	-
<b>Held by Changzhou Giken Precision Co., Ltd</b>					
Changzhou Giken Technology Co., Ltd. <sup>(3)</sup> (People's Republic of China)	Manufacture and sale of moulding parts and assembly of mechanisms used in computers and a range of electronic products	<b>100</b>	100	-	-
Changzhou Giken Import & Export Co., Ltd <sup>(3)</sup> (People's Republic of China)	Manufacture and sale of microshafts and other precision parts	<b>100</b>	100	-	-
<b>Held by Turbo Charge Limited</b>					
Turbo Charge (S) Pte. Ltd. <sup>(1)</sup> (Singapore)	Sale and distribution of consumer electronics	<b>80</b>	80	<b>20</b>	20
<b>Held by I-Motor Asia Limited</b>					
I-Motor Korea Co., Ltd <sup>(4)</sup> (Republic of Korea)	Manufacture and distribution of motor bike	<b>100</b>	100	-	-
<b>Held by Giken Mobility Pte. Ltd.</b>					
GEV Pte. Ltd. <sup>(4)(b)</sup> (Singapore)	Investment in electronic vehicles (EV) sector, market and promote EV total solution including providing advisory or solution on manufacture and assemble electric bikes, swapping and charging stations and software development	<b>51</b>	51	<b>49</b>	49



# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 18. Investment in subsidiaries (Continued)

Details of subsidiaries: (Continued)

- (1) Audited by BDO LLP, Singapore.
- (2) Audited by KAP Tanubrata Sutanto Fahmi Bambang & Rekan, Indonesia, a member firm of BDO International Limited, for consolidation purposes.
- (3) Audited by BDO China Shu Lun Pan CPAs LLP, PRC, a member firm of BDO International Limited, for consolidation purposes.
- (4) Not required to be audited and not considered as a significant subsidiary under Rule 718 of the SGX-ST Listing Manual

### Incorporation of new subsidiaries

- (a) On 17 January 2020, the Company's subsidiary, Giken Sakata (S) Limited ("GSS"), incorporated Giken Mobility Pte. Ltd. ("GM"), a wholly-owned subsidiary in Singapore with a registered capital of \$100.
- (b) On 2 September 2020, GM established GEV Pte. Ltd., a partially-owned subsidiary with 51% equity interest in Singapore with a registered capital of US\$102 (equivalent to \$135). The remaining 49% equity interest of the subsidiary is held by third parties.

### Rename of a subsidiary

On 23 February 2022, a wholly-owned subsidiary, Nusantara Resources Pte. Ltd. was renamed to Giken Motors Asia Pacific Pte. Ltd. There is no change in the principal activity of the subsidiary.

## 19. Investment in an associate/Due from an associate

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Equity shares, at cost	2,791	2,791	2,791	2,791
Share of reserves of associate, net of tax	(38)	(28)	-	-
	<b>2,753</b>	2,763	<b>2,791</b>	2,791
<b>Non-current</b>				
Due from an associate (non-trade)	<b>9,862</b>	9,392	<b>9,862</b>	9,392

The associate is engaged in the exploration of oil and gas in Indonesia. The amount due from an associate forms part of the Group's and the Company's net investment in an associate and is non-trade in nature, unsecured, non-interest bearing and has no fixed terms of repayment. The settlement of such balances is not planned and is dependent upon the generation of revenue from the evaluation and exploration asset.

# **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

## **19. Investment in an associate/Due from an associate (Continued)**

Subsequent to the financial year end, the associate has failed to deliver the required banker's guarantee amongst others, to fulfil the relevant requirements within the time-frame required by the Indonesian state-owned entity on 18 February 2022, to secure an extension of the exploration period till February 2024. The banker's guarantee was only subsequently submitted to the Indonesian state-owned entity on 4 March 2022.

The associate had breached the terms and condition of the Operation Cooperation Agreement ("OCA") dated 2 November 2016 and the Indonesian state-owned entity has the right to terminate the OCA.

The formal approval for the extension of exploration period has not been received as at date of these financial statements. Notwithstanding this, the associate and the Indonesian state-owned entity continued to have meetings and discussions after submission of the required banker's guarantee.

The impairment assessment of the Group's and the Company's investment in the associate is based on the progress of the exploration project including but not limited to the future plans for the evaluation and exploration projects. The Group carried out a review on the recoverable amount on the investment in an associate and concluded that no impairment loss to be made as at 31 December 2021. The recoverable amount of the investment amounted to \$11 million has been determined based on value-in-use. Key assumptions used for value-in-use calculations for the investment are as follows:

	<b>2021</b>
	<b>%</b>
Average revenue growth rate	<b>455.0</b>
Discount rate	<b>12.0</b>

The Group and the Company have reviewed the expected credit loss in respect of the amount due from associate based on the lifetime expected credit loss model in accordance with SFRS(I) 9 *Financial Instruments* and concluded that no expected credit loss to be made for the amount due from the associate.

The details of the associate is as follows:

<b>Name of associate (Country of incorporation and principal place of business)</b>	<b>Principal activities</b>	<b>Portion of ownership interest held by the Group</b>	
		<b>2021</b>	2020
		<b>%</b>	%
GSS Energy Trembul Limited <sup>(1)</sup> (British Virgin Island)	Investment holding	<b>20</b>	20

<sup>(1)</sup> Reviewed by BDO LLP, Singapore for consolidation purpose

The primary business of GSS Energy Trembul Limited ("GETL") and its subsidiary, P.T. Sarana GSS Trembul (Indonesia) is in oil and gas industry.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 19. Investment in an associate/Due from an associate (Continued)

Set out below are the summarised financial information of the Group's significant associate:

<b>Summarised statement of financial position as at 31 December</b>	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>GETL</b>		
Current assets	<b>3,986</b>	3,669
Non-current assets	<b>14,569</b>	13,691
Current liabilities	<b>(2,802)</b>	(3,106)
Non-current liabilities	<b>(14,986)</b>	(11,976)
<b>Summarised statement of comprehensive income for the financial year ended 31 December</b>		
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Revenue	-	-
Loss	<b>(45)</b>	(33)
Other comprehensive income	-	-
Total comprehensive income	<b>(45)</b>	(33)

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts), adjusted for fair value adjustments and differences in accounting policies between the Group and the associate.

## 20. Deferred tax assets/(liabilities)

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Deferred tax assets	<b>37</b>	37
Deferred tax liabilities	<b>(108)</b>	(108)

### Deferred tax assets

Movement in deferred tax assets are as follows:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Balance at beginning of financial year	<b>37</b>	37
Charged to profit or loss	<b>(2)</b>	-
Currency realignment	<b>2</b>	-
Balance at end of financial year	<b>37</b>	37

## **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

### 20. Deferred tax assets/(liabilities) (Continued)

#### Deferred tax assets (Continued)

Deferred tax assets are attributable to the following temporary differences:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Unutilised tax losses	<b>37</b>	37

Deferred tax assets are attributable to temporary differences arising from unutilised tax losses of approximately \$148,000 (2020: \$148,000) which are available for set-off against future taxable profits subject to the agreement by the tax authorities and provisions of tax legislations of the People's Republic of China ("PRC"). The expiry date for tax losses arising in certain foreign tax jurisdiction is as follows:

<b>Year incurred</b>	<b>Year of expiry</b>	<b>Group</b>	
		<b>2021</b>	2020
		<b>\$'000</b>	\$'000
2018	2028	<b>108</b>	108
2019	2029	<b>40</b>	40

#### Deferred tax liabilities

Movement in deferred tax liabilities are as follows:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Balance at beginning of financial year	<b>(108)</b>	-
Charged to profit or loss	-	(108)
Balance at end of financial year	<b>(108)</b>	(108)

Deferred tax liabilities arising from the aggregate amount of temporary differences associated with undistributed earnings of certain subsidiaries for which is estimated by the management to be distributed in the future.

As at 31 December 2021, total unremitted earnings of certain subsidiaries in the PRC and Indonesia amounted to approximately \$24,075,000 (2020: \$20,433,000). Management estimates that only Changzhou Giken Precision Co., Ltd in PRC's unremitted earnings will be distributed as dividends in the foreseeable future. As at 31 December 2021, a deferred tax liability of approximately \$108,000 (2020: \$108,000) was recognised on the withholding tax that would be payable.

No deferred tax liabilities have been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries, as the management does not expect the subsidiaries to distribute its earnings in the foreseeable future. Unremitted earnings of these subsidiaries totalled \$21,909,000 (2020: \$18,262,000) as at 31 December 2021.

## Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

### 20. Deferred tax assets/(liabilities) (Continued)

#### Unrecognised deferred tax assets

	Group	
	2021 \$'000	2020 \$'000
At beginning of financial year	475	500
Utilisation of deferred tax assets previously not recognised	-	(90)
Deferred tax assets not recognised during the financial year	33	2
(Over)/ under provision of unrecognised deferred tax assets in respect of prior financial year	(295)	63
At end of financial year	<u>213</u>	<u>475</u>

Unrecognised deferred tax assets is attributable to:

	Group	
	2021 \$'000	2020 \$'000
Unutilised tax losses	<u>213</u>	<u>475</u>

At the end of the financial year, the Group had unutilised tax losses of approximately \$1,072,000 (2020: \$2,601,000) which is available for set-off against future taxable profits. These deferred tax assets have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.8 to the financial statements.

The realisation of the future income tax benefits from unutilised tax loss is available for an unlimited future period and subject to the conditions imposed by law including the retention of majority shareholders.

### 21. Goodwill

	Group	
	2021 \$'000	2020 \$'000
<b>Cost</b>		
At beginning and end of the financial year	<u>112</u>	<u>112</u>

## **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

### 21. Goodwill (Continued)

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGU") that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the following segments:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<hr/>		
<b>Microshafts</b>		
China	<b>112</b>	112
	<hr/>	

### 22. Due from subsidiaries/(to a subsidiary)

#### Due from subsidiaries

	<b>Company</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<hr/>		
<b>Non-current</b>		
Due from subsidiaries (non-trade)	-	3,303
Allowance for impairment loss	-	(3,298)
	<hr/>	5
	<hr/>	
<b>Current</b>		
Due from a subsidiary (non-trade)	<b>2,408</b>	-
	<hr/>	
	<b>2,408</b>	
	<hr/>	

Movement in impairment loss was as follows:

	<b>Company</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<hr/>		
Balance at beginning of financial year	<b>3,298</b>	3,132
Impairment loss recognised during the financial year	<b>12</b>	166
Impairment loss written off	<b>(3,310)</b>	-
Balance at end of financial year	<hr/>	3,298
	<hr/>	

The current amount due from a subsidiary is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

In previous financial year, the non-current amount due from subsidiaries was non-trade in nature, unsecured, non-interest bearing and settlement was neither planned nor likely to occur in the foreseeable future. As the amount was, in substance, a part of the Company's net investments in subsidiaries, it was stated at cost less impairment.

## Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

### 22. Due from subsidiaries/(to a subsidiary) (Continued)

#### Due from subsidiaries (Continued)

During the financial year, the Company carried out a review of the recoverable amount of the non-current amount due from subsidiaries. Certain subsidiaries continue to remain dormant and loss making, and this led to the recognition of impairment loss of approximately \$12,000 (2020: \$ 166,000). This impairment loss has been recognised in the Company's profit or loss. As the repayment of the amount due is neither planned nor likely to occur in the foreseeable future, the Company has written off the full amount due from these subsidiaries.

The currency profiles of amount due from subsidiaries at each reporting date are as follows:

	Company	
	2021	2020
	\$'000	\$'000
Singapore dollar	2,408	-
United States dollar	-	5
	<b>2,408</b>	<b>5</b>

#### Due to a subsidiary

The amount due to a subsidiary is non-trade in nature, non-interest bearing, repayable on demand and is expected to be settled in cash.

The currency profile of amount due to a subsidiary at each reporting date is Singapore dollar.

### 23. Inventories

	Group	
	2021	2020
	\$'000	\$'000
Finished goods	3,425	2,655
Work-in-progress	2,319	1,186
Raw materials	28,163	10,807
	<b>33,907</b>	<b>14,648</b>

The Group's cost of inventories recognised as expense under "cost of sales" to the Group's profit or loss during the financial year amounted to \$70,169,000 (2020: \$62,557,000).

During the financial year, the Group has written off approximately \$51,000 (2020: \$45,000) of its inventories. The inventories written off is recognised in the Group's profit or loss under "cost of sales".



## **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

### 24. Trade receivables

	Group	
	2021 \$'000	2020 \$'000
Trade receivables – third parties	<b>26,163</b>	37,746
Notes receivables	<b>372</b>	223
	<b>26,535</b>	37,969

Trade receivables from third parties are non-interest bearing and are generally on 30 to 120 (2020: 30 to 95) days credit terms.

Notes receivables are secured by bank guarantee, non-interest bearing and recoverable within 180 days (2020: 180 days).

The currency profiles of trade receivables at each reporting date are as follows:

	Group	
	2021 \$'000	2020 \$'000
Singapore dollar	<b>1,768</b>	3,677
United States dollar	<b>19,623</b>	28,742
Chinese renminbi	<b>4,301</b>	3,989
Indonesia rupiah	<b>187</b>	809
Korean won	<b>465</b>	501
Euro	<b>174</b>	171
Others	<b>17</b>	80
	<b>26,535</b>	37,969

### 25. Other receivables and deposits

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other receivables - third parties	<b>339</b>	180	<b>4</b>	3
Advance payment	<b>5,752</b>	2,548	-	-
Deposits	<b>401</b>	270	-	-
Government grant receivables	-	75	-	4
<b>Total other receivables and deposits</b>	<b>6,492</b>	3,073	<b>4</b>	7

In previous financial year, government grant receivables pertained to Jobs Support Scheme (“JSS”) announced by the Singapore Government to provide wage support to employers to help them retain their local employees during the period of economic uncertainty. In determining the timing of recognition of the JSS grant income, the management evaluated the Company was impacted from April 2020 onwards following the circuit-breaker measures, hence grant income was recognised in the profit or loss on a systematic basis over the period of economic uncertainty.

## Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

### 25. Other receivables and deposits (Continued)

The currency profiles of other receivables and deposits at each reporting date are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Singapore dollar	422	193	4	7
Chinese renminbi	1,908	870	-	-
United States dollar	3,845	1,668	-	-
Euro	153	89	-	-
Korean won	164	184	-	-
Others	-	69	-	-
	<b>6,492</b>	<b>3,073</b>	<b>4</b>	<b>7</b>

### 26. Due from a related party

	Group	
	2021 \$'000	2020 \$'000
Due from a related party (non-trade)	<b>282</b>	282

The related party is an entity where one of the Company's directors has beneficial interests.

Amount due from a related party is non-trade in nature, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

The currency profile of amount due from a related party at each reporting date is United States dollar.

### 27. Short-term investments

	Group	
	2021 \$'000	2020 \$'000
Short-term investments	-	608

In previous financial year, the short-term investments represented interest bearing short-term deposits placed with financial institutions with credit rating of AA to A, for average period of 3 months. These deposits were invested in various marketable financial instruments such as securities and bonds by the financial institutions. The average effective interest rate of the short-term investments ranged from 2.8% to 3.1% per annum. The short-term investments were measured based on FVTPL.

The currency profile of short-term investments was Chinese renminbi.

## **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

### 28. Cash and bank balances

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Cash and bank balances	<b>14,888</b>	6,759	<b>768</b>	6
Short-term deposits	<b>849</b>	305	-	-
	<b>15,737</b>	7,064	<b>768</b>	6

#### **Short-term deposits**

Short-term deposits are made for 1 month (2020: 1 month to 1 year) depending on the immediate cash requirement of the Group and earns effective interest rates of 1.73% (2020: 2.35% to 3.10%) per annum. These deposits are freely convertible to cash as and when such funds are required and will mature within the following month (2020: within the next 3-6 months).

The currency profiles of cash and bank balances at each reporting date are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Singapore dollar	<b>1,808</b>	999	<b>767</b>	3
Chinese renminbi	<b>4,545</b>	3,215	-	-
Indonesian rupiah	<b>139</b>	668	-	-
United States dollar	<b>9,225</b>	2,036	<b>1</b>	3
Others	<b>20</b>	146	-	-
	<b>15,737</b>	7,064	<b>768</b>	6

#### **Significant restrictions**

Cash and bank balances of \$3,582,000 (2020: \$3,215,000) in Chinese renminbi held in People's Republic of China ("PRC") are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 29. Trade payables

Trade payables are non-interest bearing and are normally settled in 30 to 90 (2020: 30 to 90) days credit terms.

The currency profiles of trade payables at each reporting date are as follows:

	Group	
	2021 \$'000	2020 \$'000
Singapore dollar	1,834	2,961
United States dollar	18,755	12,435
Japanese yen	1	27
Korean won	990	1,002
Chinese renminbi	3,257	2,486
Indonesian rupiah	1,519	1,770
	<b>26,356</b>	<b>20,681</b>

## 30. Other payables and accruals

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Non-Current</b>				
Other payable	446	1,658	-	-
Deferred grant income	65	-	-	-
	<b>511</b>	<b>1,658</b>		
<b>Current</b>				
Other payables	4,592	5,047	69	58
Accrued operating expenses	3,182	4,258	172	202
Advances received from customers	689	68	-	-
Deferred grant income	15	-	-	-
	<b>8,478</b>	<b>9,373</b>	<b>241</b>	<b>260</b>
<b>Total other payables and accruals</b>	<b>8,989</b>	<b>11,031</b>	<b>241</b>	<b>260</b>

## **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

### 30. Other payables and accruals (Continued)

Current other payables are non-trade in nature, unsecured, interest-free and repayable on demand.

Included in other payables is an amount of \$85,000 (2020: \$4,357,000) that is for the purchase of property, plant and equipment during the financial year.

Deferred grant income relates to Job Redesign Grant for the purchase of an asset. It is recognised as deferred grant income and amortised to profit or loss over the expected useful life of the relevant asset.

The carrying amount of the non-current other payable approximates its fair value due to the insignificant effects of discounting.

The currency profiles of other payables and accruals at each reporting date are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Singapore dollar	<b>4,905</b>	5,178	<b>241</b>	260
United States dollar	<b>1,429</b>	2,666	-	-
Chinese renminbi	<b>819</b>	1,248	-	-
Indonesia rupiah	<b>1,233</b>	1,451	-	-
Korean won	<b>435</b>	449	-	-
Others	<b>168</b>	39	-	-
	<b>8,989</b>	11,031	<b>241</b>	260

### 31. Lease liabilities

	<b>Leasehold lands, office premises and warehouse</b>			<b>Total</b>
	<b>\$'000</b>	<b>Equipment</b>	<b>Machinery</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>				
Balance at 1 January 2021	1,644	19	87	1,750
Additions	-	-	1,263	1,263
Lease modification	3,598	-	-	3,598
Interest expense (Note 9)	84	1	40	125
Lease payments				
- Principal portion	(1,231)	(19)	(310)	(1,560)
- Interest portion	(84)	(1)	(40)	(125)
Currency realignment	74	-	-	74
Balance at 31 December 2021	<b>4,085</b>	<b>-</b>	<b>1,040</b>	<b>5,125</b>

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 31. Lease liabilities (Continued)

	Leasehold lands, office premises and warehouse \$'000	Equipment \$'000	Machinery \$'000	Total \$'000
<b>Group</b>				
Balance at 1 January 2020	1,364	37	-	1,401
Additions	1,596	-	104	1,700
Interest expense (Note 9)	65	1	1	67
Lease payments				
- Principal portion	(1,301)	(19)	(17)	(1,337)
- Interest portion	(65)	(1)	(1)	(67)
Currency realignment	(15)	1	-	(14)
Balance at 31 December 2020	<u>1,644</u>	<u>19</u>	<u>87</u>	<u>1,750</u>

The maturity analysis of lease liabilities at each reporting date are as follows:

	2021 \$'000	2020 \$'000
<b>Group</b>		
<b>Contractual undiscounted cash flows</b>		
- Not later than a year	<b>1,671</b>	1,203
- Between two to five years	<b>3,890</b>	641
	<b>5,561</b>	1,844
Less: Future interest expense	<b>(436)</b>	(94)
Present value of lease liabilities	<b>5,125</b>	1,750
Presented in the statements of financial position		
- Current	<b>1,487</b>	1,133
- Non-current	<b>3,638</b>	617
	<b>5,125</b>	1,750

The Group leases leasehold lands, office premises and warehouse, equipment and machinery in Singapore, Indonesia, China and Korea. As at 31 December 2021, the average incremental borrowing rate applied in the lease was 2.73% (2020: 3.20%).

As at 31 December 2021, the Group leased machinery under finance lease and the average discount rate implicit in finance lease was range between 3.06% (2020: 3.52%).

The Group's lease liabilities of \$1,040,000 (2020: \$87,000) are secured by the leased assets (Note 15), which will be repossessed by the lessors in the event of default in repayment by the Group.

The total cash outflow in respect of leases amounted \$1,748,000 (2020: \$1,437,000) during the current financial year.

## **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

### 31. Lease liabilities (Continued)

The currency profiles of lease liabilities at each reporting date are as follows:

	Group	
	2021	2020
	\$'000	\$'000
Singapore dollar	5,125	1,655
Chinese renminbi	-	21
Korean won	-	74
	<b>5,125</b>	<b>1,750</b>

### 32. Loans and borrowings

	Group	
	2021	2020
	\$'000	\$'000
<b>Non-current</b>		
Term loans	<b>3,970</b>	4,382
<b>Current</b>		
Trust receipts	11,103	6,432
Short-term bank loans	2,000	1,758
Term loans	1,421	617
	<b>14,524</b>	8,807
<b>Total loans and borrowings</b>	<b>18,494</b>	13,189

The effective interest rates per annum of the loans and borrowings are as follows:

	Group	
	2021	2020
	%	%
Trust receipts	1.5 - 3	1.5 - 2
Short-term bank loans	1.5	2 - 4.75
Term loans	<b>2.75 - 3</b>	2.75 - 4.55

Trust receipts are repayable within 30 to 180 days (2020: 30 to 180 days). Trust receipts which amounted to US\$7,613,000, equivalent to \$10,271,000 (2020: US\$2,929,000, equivalent to \$3,885,000) are secured by trade receivable invoices of US\$8,495,000, equivalent to \$11,461,000 (2020: US\$3,373,000, equivalent to \$4,474,000).

Short-term bank loans are repayable on demand.

Term loans are mainly loans under the Enterprise Financing Scheme for working capital requirements. The government of Singapore introduced a general financial support scheme in response to the economic impacts of the COVID-19 coronavirus pandemic.

Loans and borrowings are secured by corporate guarantee provided by the Company (Note 40).



## Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

### 32. Loans and borrowings (Continued)

The carrying amount of the Group's term loans approximates the fair value as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Group.

As at each reporting date, the Group has banking facilities as follows:

	Group	
	2021	2020
	\$'000	\$'000
Banking facilities granted	31,824	24,452
Banking facilities utilised	19,103	13,595

The currency profiles of loans and borrowings at each reporting date are as follows:

	Group	
	2021	2020
	\$'000	\$'000
Singapore dollar	7,391	6,499
United States dollar	11,103	6,690
	18,494	13,189

### 33. Retirement benefit obligations

	Group	
	2021	2020
	\$'000	\$'000
Retirement gratuities	214	238
Employee service entitlement benefits	1,279	1,602
	1,493	1,840

#### *Retirement gratuities*

Retirement gratuities is calculated based on employment scheme according to Japanese Expatriates Termination Handbook:

	Group	
	2021	2020
	\$'000	\$'000
At beginning of the financial year	238	227
Currency realignment	(24)	11
At end of the financial year	214	238

## **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

### **33. Retirement benefit obligations (Continued)**

#### **Employee service entitlement benefits**

The Group has defined benefit plan (the "Plan") and made provision for employee benefits for all its permanent employees of a subsidiary as required under the Government Regulation No.35 of 2021 concerning Job Creation (2020: Labour Law No. 13/2003, Indonesia). The number of employees entitled to the benefits as at 31 December 2021 is 245 (2020: 241).

The Plan is funded by P.T. Giken Precision Indonesia ("GPI") contribute a certain percentage of employee salaries to P.T. Asuransi Jiwa Manulife Indonesia ("Manulife"). The fund is administered by Manulife.

The Plan is exposed to a number of risks:

- i) Investment risk : movement of discount rate used for defined benefit obligation;
- ii) Salary risk : increase in future salaries increasing the gross defined benefit obligation;
- iii) Interest rate risk : decrease/increase in the discount rate used will increase/decrease the defined benefit obligation; and
- iv) Longevity risk : changes in the estimation of mortality rates of current and former employee.

The provision for employee benefits is calculated by an external independent actuary, Kantor Konsultan Aktuaria Setya Widodo (2020: PT Tama Aktuaria) using the "Projected Unit Credit Method".

The principal actuarial assumptions used in determining the present value of the defined employee benefits include:

	<b>Group</b>	
	<b>2021</b>	2020
Annual discount rate	<b>6.67%</b>	6.36%
Annual salary growth rate	<b>0.5%</b>	0.5%
Mortality rate	<b>0.1%</b>	0.1%
Turnover rate	<b>1.0%</b>	1.0%
Normal retirement age	<b>55 years</b>	55 years

The amount recognised in the statements of financial position is determined as follow:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Defined benefit plan</b>		
Present value of defined benefit obligation	<b>1,387</b>	1,792
Fair value of the Plan assets	<b>(108)</b>	(190)
Net defined benefit liabilities	<b>1,279</b>	1,602

## Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

### 33. Retirement benefit obligations (Continued)

#### *Employee service entitlement benefits* (Continued)

##### Reconciliation of defined benefit obligation:

	Group	
	2021 \$'000	2020 \$'000
At beginning of financial year	1,792	1,781
Discharge of obligation due to resignation	-	(75)
<u>Included in expenses</u>		
Current service costs	66	92
Interest costs	119	105
Expectations of return on program	(3)	(3)
Amount recognised as expenses	182	194
<u>Included in other income</u>		
Past service cost	(531)	-
<u>Included in other comprehensive income</u>		
Remeasurement of post-employment benefits from:		
- Demographic assumptions	32	91
- Financial assumptions	67	60
Net actuarial losses recognised	99	151
<u>Others</u>		
Effects of movements in exchange rates	(65)	(147)
Benefits paid	(90)	(112)
At end of the financial year	<b>1,387</b>	<b>1,792</b>

##### Reconciliation of fair value of the Plan assets:

	Group	
	2021 \$'000	2020 \$'000
At beginning of financial year	(190)	(282)
<u>Included in profit or loss</u>		
Interest costs	2	5
<u>Included in other comprehensive income</u>		
Return on plan assets (excluding interest)	(4)	(87)
<u>Others</u>		
Effects of movements in exchange rates	(1)	5
Employer contributions	(90)	(82)
Benefits paid	175	251
	84	174
At end of the financial year	<b>(108)</b>	<b>(190)</b>

## **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

### 33. Retirement benefit obligations (Continued)

#### **Employee service entitlement benefits** (Continued)

#### Reconciliation of fair value of the Plan assets: (Continued)

The fair value of the premium invested by Manulife is analysed as follow:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Fixed income	<b>52</b>	103
Syariah fund	<b>56</b>	87
	<b>108</b>	190

#### Sensitivity analysis

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

<b>Actuarial assumption</b>	<b>change</b>	<b>Increase by \$'000</b>	<b>Decrease by \$'000</b>
<b>Group</b>			
<b>2021</b>			
Discount rate	6.67% (+/- 1%)	1,242	1,409
Wages and salary growth rate	0.5% (+/- 1%)	1,408	1,242
Mortality rate	1.0% (+/- 1%)	1,371	1,268
Turnover rate	1.0% (+/- 1%)	1,236	1,415
Retirement age	55 (+/- 1%)	1,300	1,444
<b>2020</b>			
Discount rate	6.36% (+/- 1%)	1,674	1,935
Wages and salary growth rate	0.5% (+/- 1%)	1,935	1,673
Mortality rate	1.0% (+/- 1%)	1,851	1,740
Turnover rate	1.0% (+/- 1%)	1,851	1,740
Retirement age	55 (+/- 1%)	1,771	1,938

The average duration of the post-employment benefits at the end of the financial year is 12 years (2020: 12 years).

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 34. Share capital

	Group and Company			
	2021	2020	2021	2020
	Number of ordinary shares			
	'000	'000	\$'000	\$'000
<b>Issued and paid-up:</b>				
At beginning and end of the financial year	<b>496,859</b>	496,159	<b>58,591</b>	58,522
Issuance of share capital:				
- Exercise of share options	-	700	-	69
- Share placement	<b>83,333</b>	-	<b>4,825</b>	-
At end of financial year	<b>580,192</b>	496,859	<b>63,416</b>	58,591

The Group and the Company have one class of ordinary shares which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions. On 8 September 2021, the Company issued 83,333,000 new ordinary shares for net proceeds of \$4,825,000.

## 35. Other reserves

Other reserves comprise the following:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Equity non-controlling interest	<b>132</b>	132	-	-
Foreign currency translation reserve	<b>962</b>	(378)	-	-
Share options reserve	<b>3,724</b>	3,724	<b>3,724</b>	3,724
Statutory reserve	<b>1,473</b>	1,352	-	-
	<b>6,291</b>	4,830	<b>3,724</b>	3,724

### Equity non-controlling interest

The equity non-controlling interest is the effect of transaction with non-controlling interest where there is no change in control.

## **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

### 35. Other reserves (Continued)

#### Foreign currency translation reserve

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	<b>(378)</b>	(1,126)
Exchange differences arising from translation of foreign operations	<b>1,340</b>	748
At 31 December	<b>962</b>	(378)

#### Share options reserve

The share options reserve represents the value of service received from employees of the Group and the Company relating to equity settled share-based payment transactions.

As disclosed in Directors' Statement Note 5, the Board of Directors and GSS Energy Limited Executives' Share Option Scheme Committee approved and granted two equity-settled share-based payment option to Directors of the Company, Directors of subsidiaries and certain senior management to subscribe for ordinary shares of the Company. Options are exercisable at a price based on the average of the last done prices for the shares of the Company on the Singapore Exchange Securities Trading Limited on the grant date; or may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. If the options, after the vesting period, remain unexercised before the expiry date, the options expire. The options will lapse or forfeited if the individual leaves before the options vest.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 35. Other reserves (Continued)

### Share options reserve (Continued)

Detail of the share options outstanding at the end of the financial year are as follows:

Date granted	Balance at 1 January '000	Exercised '000	Cancelled/ Lapsed '000	Balance at 31 December '000	Exercise price \$	Exercise period
<b>2021</b>						
27 February 2017	2,800	-	-	2,800	0.09856	27 Feb 2019 to 26 Feb 2022
24 April 2017	7,400	-	-	7,400	0.09856	27 Feb 2019 to 26 Feb 2022
23 February 2018	1,150	-	(1,150)	-	0.12512	23 Feb 2020 to 22 Feb 2021
23 February 2018	16,073	-	(950)	15,123	0.12512	23 Feb 2020 to 22 Feb 2023
	<u>27,423</u>	<u>-</u>	<u>(2,100)</u>	<u>25,323</u>		
<b>2020</b>						
27 February 2017	2,800	-	-	2,800	0.09856	27 Feb 2019 to 26 Feb 2022
27 February 2017	1,400	(700)	(700)	-	0.09856	27 Feb 2019 to 26 Feb 2022
24 April 2017	7,400	-	-	7,400	0.09856	27 Feb 2019 to 26 Feb 2022
23 February 2018	1,150	-	-	1,150	0.12512	23 Feb 2020 to 22 Feb 2021
23 February 2018	16,073	-	-	16,073	0.12512	23 Feb 2020 to 22 Feb 2023
	<u>28,823</u>	<u>(700)</u>	<u>(700)</u>	<u>27,423</u>		

25,323,000 (2020: 27,423,000) shares had vested and are exercisable at the end of the financial year.

The exercise price of options outstanding at 31 December 2021 ranged between \$0.09856 and \$0.12512 (2020: \$0.09856 and \$0.12512). The options outstanding at end of the reporting period have remaining contractual life of 2 to 14 months (2020: 0.5 to 2.5 years).

The Group and the Company recognised share-based payment expenses and a corresponding share option reserve of \$116,000 for the financial year ended 31 December 2020.

The Group did not enter into any share-based transactions with parties other than employees during the financial year.

### Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiary in People's Republic of China ("PRC"), the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.



# **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

## **36. Significant related party transactions**

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group's and Company's transactions and arrangements are based on the rates and terms agreed between the parties and the effect of this basis is reflected in these financial statements.

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>With a related party</b>				
Payment on behalf of related party	-	59	-	-
<b>With an associate</b>				
Payment made on behalf of an associate	<b>9</b>	-	<b>9</b>	-
Loan to an associate	<b>461</b>	-	<b>461</b>	-
<b>With subsidiaries</b>				
Advances from a subsidiary	-	-	<b>1,073</b>	544
Capital reduction in the investment in a subsidiary	-	-	-	12,340
Payment on behalf by a subsidiary	-	-	-	12
Payment made on behalf of subsidiaries	-	-	<b>14</b>	3
Management fee income	-	-	<b>180</b>	290
Management expense	-	-	<b>75</b>	108
Interest charged by a subsidiary	-	-	-	22
Advances to a subsidiary	-	-	<b>2,500</b>	-

As at 31 December, the outstanding balances in respect of the above related party transactions are disclosed in Notes 19, 22 and 26 to the financial statements.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 36. Significant related party transactions (Continued)

### *Compensation of key management personnel*

Key management personnel compensation included in employee benefits expense is as follows:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Directors' fees	<b>80</b>	88
Salaries, bonuses and allowances	<b>1,954</b>	1,825
Provident fund and pension contributions	<b>129</b>	102
Employee share options expenses	-	116
Total compensation paid to key management personnel	<b><u>2,163</u></b>	<u>2,131</u>
Comprise amounts paid to:		
- Directors of the Company	<b>1,342</b>	1,370
- Other key management personnel	<b>821</b>	761
	<b><u>2,163</u></b>	<u>2,131</u>

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 37. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed by the management of respective entities within the Group.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including interest income and interest expenses and share of results of equity accounted joint venture.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

# *Notes to the Financial Statements*

For the Financial Year Ended 31 December 2021

## 37. Segment information (Continued)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's reportable segments are organised on a regional basis into two main operating businesses, namely:

- Mechanisms division
- Microshafts division

Mechanisms division provides advanced production technology to multi-national manufacturers in the field of home and car audio entertainment, communication, computer and office automation industries and medical industries.

Microshafts division concentrates on the manufacturing of high precision shafts.

Other operations include marketing and provision of sales support services.

### (a) Analysis by business activities

	Mechanisms \$'000	Microshafts \$'000	Unallocated segment \$'000	Eliminations \$'000	Group \$'000
<b>31 December 2021</b>					
<b>Revenue</b>					
External customers	93,787	23,701	-	-	117,488
Intersegment revenues	21,143	1,977	180	(23,300)	-
	<u>114,930</u>	<u>25,678</u>	<u>180</u>	<u>(23,300)</u>	<u>117,488</u>
<b>Results:</b>					
Operating profit/(loss)	4,277	2,883	(1,037)	-	6,123
Interest income					174
Interest expense					(466)
Income tax expense					(772)
Non-controlling interests					117
Share of loss of associate					(10)
Net profit to owners of the parent					<u>5,166</u>
<b>Segment assets and liabilities</b>					
Segment assets	89,644	21,680	15,237	-	126,561
Total assets					<u>126,561</u>
Segment liabilities	54,006	7,142	288	-	61,436
Total liabilities					<u>61,436</u>
<b>Other segment information</b>					
Addition to property, plant and equipment	(695)	(205)	(50)	-	(950)
Addition to right-of-use assets	(1,820)	-	-	-	(1,820)
Depreciation and amortisation	(3,071)	(1,131)	(5)	-	(4,207)
Inventories written off	-	(51)	-	-	(51)

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 37. Segment information (Continued)

### (a) Analysis by business activities (Continued)

	Mechanisms \$'000	Microshafts \$'000	Unallocated segment \$'000	Eliminations \$'000	Group \$'000
<b>31 December 2020</b>					
<b>Revenue</b>					
External customers	87,832	18,544	-	-	106,376
Intersegment revenues	20,316	1,356	-	(21,672)	-
	<u>108,148</u>	<u>19,900</u>	<u>-</u>	<u>(21,672)</u>	<u>106,376</u>
Results:					
Operating profit/(loss)	6,645	1,726	(1,321)	-	7,050
Interest income					100
Interest expense					(307)
Income tax expense					(1,624)
Non-controlling interests					378
Share of loss of associate					(5)
Net profit to owners of the parent					<u>5,592</u>
<b>Segment assets and liabilities</b>					
Segment assets	68,043	23,527	12,185	-	103,755
Total assets					<u>103,755</u>
Segment liabilities	43,130	6,366	266	-	49,762
Total liabilities					<u>49,762</u>
<b>Other segment information</b>					
Addition to property, plant and equipment	(15,324)	(262)	-	-	(15,586)
Addition to right-of-use assets	(760)	(940)	-	-	(1,700)
Depreciation and amortisation	(2,590)	(1,269)	-	-	(3,859)
Inventories written off	-	(45)	-	-	(45)

### (b) Analysis by geographical activities

#### Revenues from external customers

Revenue is analysed by the location of the customers and by products and services are disclosed in Note 4 to the financial statements. The revenue from the top three customers of the Group's Mechanisms segment represents approximately \$79,140,000 (2020: \$68,719,000) of the Group's total revenue.

# **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

## 37. Segment information (Continued)

### (b) Analysis by geographical activities (Continued)

#### **Locations of non-current assets**

Segment assets and capital expenditure are analysed by location of the assets. Non-current assets consist of property, plant and equipment, intangible assets, right-of-use assets, land use rights, goodwill, and investment in an associate.

	Non-current assets		Addition to non-current assets	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Singapore	5,134	3,869	1,914	1,153
Indonesia	20,965	18,426	678	15,895
China	7,125	7,759	178	238
Other countries	249	429	-	-
	<b>33,473</b>	<b>30,483</b>	<b>2,770</b>	<b>17,286</b>

## 38. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk and liquidity risk. The Board of Directors reviews and approves policies and procedures for the management of these risks, which are executed by the Chief Executive Officer, Executive Director and Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous reporting period, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

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

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

### 38.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of their counterparties' financial condition and generally do not require collaterals.

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

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 38. Financial risk management objectives and policies (Continued)

### 38.1 Credit risk (Continued)

As at 31 December 2021, the Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for 1 (2020: 1) customer which accounted for 51% (2020: 58%) of trade receivables.

#### *Trade receivables*

The exposure to credit risk for trade receivables at each reporting date is as follows:

	2021 \$'000	2020 \$'000
<b>Group</b>		
Not past due	<b>18,902</b>	10,674
Past due less than 30 days	<b>3,046</b>	9,370
Past due 30 to 60 days	<b>1,397</b>	9,476
Past due 61 to 90 days	<b>982</b>	7,083
Past due over 90 days	<b>2,208</b>	1,366
	<b>26,535</b>	37,969

The Group applies simplified approach and uses provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In determining the expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The Group considers the historical customers' payment profile of respective countries, past due status of the receivables, historical loss rate and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers of respective countries to settle the receivables. The Group has identified the country risk in which it sells goods and services to be the most relevant factor and the historical loss rates is adjusted accordingly based on the expected changes in this factor.

Trade receivables are written off when there is no reasonable expectation of recovery, such as the debtor is in severe financial difficulty. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Based on the above assessment, the Group has concluded that the trade receivables are subject to immaterial expected credit loss and as such no lifetime expected credit loss has been recognised for these receivables.

#### *Cash and bank balances*

The cash and bank balances are held with bank and financial institution counterparties, which are rated A-3 to A-1+ based on S&P Global's ratings and F3 to F1+ based on Fitch's ratings. The management monitors the credit ratings of counterparties regularly. Impairment of cash and bank balances has been measured based on 12-month expected credit loss model. At the reporting date, the Group and Company did not expect any credit losses from non-performance by the counterparties.

# **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

## **38. Financial risk management objectives and policies** (Continued)

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

#### *Cash and bank balances* (Continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the financial statements, except for the following:

	<b>Company</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Corporate guarantees provided to banking facilities of subsidiaries	<b>18,494</b>	13,189

These corporate guarantees are subject to the impairment requirement of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

For amount due from subsidiaries (Note 22), Board of Directors has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. At the reporting date, the Company has assessed its subsidiaries' financial performance to meet the contractual cash flow obligations and has recognised expected credit loss allowance of approximately \$12,000 (2020: \$166,000) for non-trade and non-current amount due from subsidiaries. As the repayment of the non-current amount due is neither planned nor likely to occur in the foreseeable future, the Company has written off the full amount due from these subsidiaries.

### **38.2 Market risk**

#### Foreign currency risk

The Group are exposed to foreign currency risk on transactions and balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore dollar ("SGD"), United States dollar ("USD"), Chinese renminbi ("RMB") and Indonesian rupiah ("IDR").



# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 38. Financial risk management objectives and policies (Continued)

### 38.2 Market risk (Continued)

#### Foreign currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<hr/>		
<b>Financial assets</b>		
SGD	<b>2,909</b>	2,591
USD	<b>2,040</b>	2,087
RMB	<b>923</b>	-
IDR	<b>584</b>	900
Others	<b>210</b>	455
	<hr/>	<hr/>
	<b>Group</b>	
	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<hr/>		
<b>Financial liabilities</b>		
SGD	<b>18,889</b>	12,778
IDR	<b>2,752</b>	8,222
Others	<b>2</b>	85
	<hr/>	<hr/>

#### Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly Singapore dollar, United States dollar, Chinese renminbi and Indonesian rupiah.

The following table details the Group's sensitivity to a 5% (2020: 5%) change in Singapore dollar, United States dollar, Chinese renminbi and Indonesian rupiah against the functional currencies respectively. The sensitivity analysis assumes an instantaneous 5% (2020: 5%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items denominated in Singapore dollar, United States dollar, Chinese renminbi and Indonesian rupiah are included in the analysis.

# **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

## **38. Financial risk management objectives and policies** (Continued)

### **38.2 Market risk** (Continued)

Foreign currency risk (Continued)

*Foreign currency sensitivity analysis* (Continued)

	<b>Increase/(Decrease)</b>	
	<b>Profit or loss</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<hr/>		
<b>Group</b>		
<i>Singapore dollar</i>		
Strengthen against functional currency <sup>(1)</sup>	<b>(799)</b>	(509)
Weaken against functional currency <sup>(1)</sup>	<b>799</b>	509
<i>United States dollar</i>		
Strengthen against functional currency <sup>(2)</sup>	<b>102</b>	104
Weaken against functional currency <sup>(2)</sup>	<b>(102)</b>	(104)
<i>Chinese renminbi</i>		
Strengthen against functional currency <sup>(3)</sup>	<b>46</b>	-
Weaken against functional currency <sup>(3)</sup>	<b>(46)</b>	-
<i>Indonesian rupiah</i>		
Strengthen against functional currency <sup>(1)</sup>	<b>(108)</b>	(366)
Weaken against functional currency <sup>(1)</sup>	<b>108</b>	366
	<hr/>	<hr/>

<sup>(1)</sup> Primarily United States dollar

<sup>(2)</sup> Primarily Chinese renminbi

<sup>(3)</sup> Primarily Singapore dollar

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 38. Financial risk management objectives and policies (Continued)

### 38.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

	Group					
	Within one financial year \$'000	2021 After one financial year but within five financial years \$'000	Total \$'000	Within one financial year \$'000	2020 After one financial year but within five financial years \$'000	Total \$'000
Trade payables	26,356	-	26,356	20,681	-	20,681
Other payables and accruals	7,774	446	8,220	9,305	1,658	10,963
Lease liabilities	1,671	3,890	5,561	1,203	641	1,844
Loans and borrowings	14,713	4,118	18,831	8,971	4,593	13,564
	50,514	8,454	58,968	40,160	6,892	47,052

	Company					
	Within one financial year \$'000	2021 After one financial year but within five financial years \$'000	Total \$'000	Within one financial year \$'000	2020 After one financial year but within five financial years \$'000	Total \$'000
Other payables and accruals	241	-	241	260	-	260
Due to a subsidiary	405	-	405	828	-	828
Financial guarantee	18,494	-	18,494	13,189	-	13,189
	19,140	-	19,140	14,277	-	14,277

# *Notes to the Financial Statements*

For the Financial Year Ended 31 December 2021

## 38. Financial risk management objectives and policies (Continued)

### 38.4 Capital management policy

The Group and the Company manage their capital to ensure the Group and the Company maintain an optimal capital structure so as to support its business and maximise shareholder value. To achieve this objective, the Group and the Company may make adjustments to their capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on gearing ratio. The Group's and the Company's strategies were unchanged from 2020. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings, lease liabilities plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

As disclosed in Note 35 to the financial statements, a subsidiary of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The Group and the Company are in compliance with the above externally imposed capital requirements at the end of each reporting period.

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Trade payables	<b>26,356</b>	20,681	-	-
Other payables and accruals	<b>8,989</b>	11,031	<b>241</b>	260
Due to a subsidiary	-	-	<b>405</b>	828
Loans and borrowings	<b>18,494</b>	13,189	-	-
Lease liabilities	<b>5,125</b>	1,750	-	-
Less: cash and cash equivalents	<b>(15,737)</b>	(7,064)	<b>(768)</b>	(6)
Net (asset)/debt	<b>43,227</b>	39,587	<b>(122)</b>	1,082
Equity attributable to the equity holders of the Company	<b>66,347</b>	55,111	<b>31,463</b>	27,387
Total capital	<b>109,574</b>	94,698	<b>31,341</b>	28,469
Gearing ratio	<b>39.45%</b>	41.80%	<b>Not meaningful</b>	3.80%

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 38. Financial risk management objectives and policies (Continued)

### 38.5 Fair value of financial assets and financial liabilities

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

#### *Fair value hierarchy*

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### *Fair value of financial instruments that are not carried at fair value*

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at each reporting date due to the relatively short-term maturity of these financial instruments. The fair value of the non-current financial assets and financial liabilities are disclosed in Notes 30 and 32 to the financial statements.

#### *Fair value of financial instruments carried at fair value*

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at each reporting date:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2020</b>				
Short-term investments	–	608	–	608

In the previous financial year, the fair value of these short-term investments was based on quarterly statements from the financial institutions which represent the fair value of these investments.

# **Notes to the Financial Statements**

For the Financial Year Ended 31 December 2021

## **38. Financial risk management objectives and policies** (Continued)

### **38.6 Categories of financial instruments**

The following table sets out the financial instruments as at each reporting date:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Financial assets measured at amortised cost	<b>53,156</b>	55,157	<b>13,042</b>	9,406
Financial assets at FVTPL	-	608	-	-
	<b>53,156</b>	55,765	<b>13,042</b>	9,406
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<b>58,195</b>	46,583	<b>646</b>	1,088

## **39. Dividends**

The Company did not recommend any dividend in respect of the financial year ended 31 December 2021 and 31 December 2020.

## **40. Financial guarantees, unsecured**

At each reporting date, the total amount of loans outstanding due from subsidiaries covered by the guarantees provided by the Company amounted to \$18,494,000 (2020: \$13,189,000). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the subsidiaries failed to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility. Accordingly, the Company does not expect any net cash outflows resulting from the financial guarantee contracts. The Company issues guarantees only for their subsidiaries.

## **41. Subsequent events**

- (i) On 9 March 2022, the Company granted 6,000,000 employee share options at S\$0.05664 exercise price per option, being a 20% discount to the market price, to certain eligible persons under the GSS Energy Limited Executives' Share Option Scheme, amounting to approximately 1% of the existing issued share capital of the Company. No share options were granted to the Director and/or controlling shareholders of the Company.

# Notes to the Financial Statements

For the Financial Year Ended 31 December 2021

## 41. Subsequent events (Continued)

- (ii) On 30 March 2022, the Company's indirectly held subsidiary company, Giken Mobility Pte. Ltd. completed the acquisition of 100% of share capital of Edison Motors Co., Ltd ("Edison") from a third party for an aggregate consideration of S\$7,527,000 to design and develop electric motorcycles by using Edison's proprietary patented technologies.

Following the completion of acquisition, 40,500,000 new warrants were issued to the third party ("subscriber"), exercisable into 40,500,000 new ordinary shares in the capital of the Company at an exercise price of S\$0.07054 for each warrant. The warrant shares will only be issued upon exercise by the subscriber of the warrants in accordance with the warrant subscription agreement and the deed poll.

The Group is in the midst of finalising the purchase price allocation report of this acquisition. Accordingly, no disclosure on the effect of the acquisition has been made under the requirements of SFRS(I) 3 *Business Combination* as the fair value of the net assets of the acquiree is not determinable at the date of this report.

## 42. Authorisation of financial statements

The consolidated financial statements of the Group for the financial year ended 31 December 2021, the statement of financial position of the Company as at 31 December 2021 and the statement of changes in equity of the Company for the financial year ended 31 December 2021 were authorised for issue by the Board of Directors on 14 April 2022.



# Statistics of Shareholdings

As at 15 March 2022

## SHARE CAPITAL

Paid-up capital	S\$63,590,662
Class of shares	Ordinary shares with equal voting rights
Treasury shares	Nil (there are no shares held in treasury)
Subsidiary holdings	Nil
Percentage of treasury shares and subsidiary holdings	Nil

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	6	0.21	146	0.00
100 - 1,000	329	11.38	300,348	0.05
1,001 - 10,000	1,035	35.81	5,556,800	0.96
10,001 - 1,000,000	1,477	51.11	177,429,057	30.58
1,000,001 AND ABOVE	43	1.49	396,905,606	68.41
<b>TOTAL</b>	<b>2,890</b>	<b>100.00</b>	<b>580,191,957</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHILLIP SECURITIES PTE LTD	77,977,200	13.44
2	KGI SECURITIES (SINGAPORE) PTE. LTD.	60,266,832	10.39
3	CITIBANK NOMINEES SINGAPORE PTE LTD	55,584,591	9.58
4	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	33,997,800	5.86
5	RAFFLES NOMINEES (PTE.) LIMITED	31,353,700	5.40
6	OCBC SECURITIES PRIVATE LIMITED	22,048,500	3.80
7	DBS NOMINEES (PRIVATE) LIMITED	20,970,600	3.61
8	MAYBANK SECURITIES PTE. LTD.	15,672,233	2.70
9	UOB KAY HIAN PRIVATE LIMITED	14,318,200	2.47
10	NG CHIN SIAU	7,700,000	1.33
11	YZELMAN GEOFFREY ERIC	3,342,350	0.58
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,845,200	0.49
13	LIM & TAN SECURITIES PTE LTD	2,738,400	0.47
14	NG CHONG KUAN	2,563,600	0.44
15	IFAST FINANCIAL PTE. LTD.	2,489,900	0.43
16	SIM SIEW TIN CAROL (SHEN XIUZHEN CAROL)	2,350,000	0.41
17	CHRISTOPH OLIVER SEIBOLD-GRAF	2,300,000	0.40
18	KNG PONG SAI	2,150,000	0.37
19	LIN GUODONG	2,009,500	0.35
20	FOO SIEW JIUAN	2,000,000	0.34
	<b>TOTAL</b>	<b>364,678,606</b>	<b>62.86</b>

71.36% of the Company's share are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

# Statistics of Shareholdings

As at 15 March 2022

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	Deemed Interest	Total No. of shares	%
SUNDAN PACIFIC LIMITED	72,700,000	-	72,700,000	12.53%
FUNG KAU LEE, GLENN	-	72,700,000 <sup>(1)</sup>	72,700,000	12.53%
YEUNG KIN BOND, SYDNEY	90,333,499	1,400,001 <sup>(2)</sup>	91,733,500	15.81%
AP CAPITAL LTD	33,333,300	-	33,333,300	5.75%

Notes:

<sup>(1)</sup> Mr Fung Kau Lee, Glenn is deemed to have an interest in the 72,700,000 shares held by Sundan Pacific Limited.

<sup>(2)</sup> Mr Yeung Kin Bond, Sydney is deemed to have an interest in the 1,400,001 shares held by Roots Capital Asia Limited.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting (“AGM”) of GSS Energy Limited will be convened and held by way of electronic means on 29 April 2022 at 10.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors’ Reports thereon. **(Resolution 1)**
2. To approve the payment of Directors’ Fees of S\$111,000 for the financial year ended 31 December 2021 (2020: S\$80,000). **(Resolution 2)**
3. To approve the payment of Directors’ Fees of S\$116,000 for the financial year ending 31 December 2022. **(Resolution 3)**
4. To re-elect the following Directors of the Company retiring pursuant to Regulation 89 of the Constitution of the Company and Rule 720 (4) of the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited (“SGX-ST”):
  - (i) Mr Yeung Kin Bond, Sydney (see Explanatory Note 1) **(Resolution 4a)**
  - (ii) Mr Fung Kau Lee, Glenn (see Explanatory Note 2) **(Resolution 4b)**
5. To re-elect Mr Wong Quee Quee, Jeffrey, Director of the Company retiring pursuant to Regulation 88 of the Constitution of the Company.  
(see Explanatory Note 3) **(Resolution 5)**
6. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

### 8. **Authority to allot and issue shares**

That pursuant to Section 161 of the Companies Act 1967 of Singapore and Rule 806 of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”), the Directors of the Company be authorised and empowered to allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of the shares to be allotted and issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, of which the aggregate of shares and convertible securities to be issued other than on a pro-rata basis to

## **Notice of Annual General Meeting**

all shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next annual general meeting or the date by which the next annual general meeting of the Company is required by the law to be held, whichever is earlier; or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Ordinary Resolution 7, until the issuance of such shares in accordance with the terms of such convertible securities.

(See Explanatory Note 4)

**(Resolution 7)**

### **9. Authority to grant share options, allot and issue shares under GSS Energy Limited Executives' Share Option Scheme**

That the Directors of the Company be and are hereby authorised, pursuant to Section 161 of the Companies Act 1967 of Singapore, to offer and grant options ("**Options**") in accordance with the GSS Energy Limited Executives' Share Option Scheme (the "**GEL Scheme**"), and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options granted or to be granted under the GEL Scheme and to do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that:

- (a) the aggregate number of shares over which Options may be granted on any date (when added to the number of shares issued and/or are issuable upon the exercise of all Options and the number of shares issued and/or issuable in respect of all shares, options or awards granted under any other share option or share scheme of the Company then in force (if any)) shall not exceed fifteen per cent (15%) of the total number of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) of the Company on the day preceding that date; and
- (b) the aggregate number of shares to be offered to certain participants collectively and individually during the duration of the GEL Scheme (subject to adjustments, if any, made under the GEL Scheme) shall not exceed such limits or (as the case may be) sub-limits as may be prescribed in the GEL Scheme.

(See Explanatory Note 5)

**(Resolution 8)**

### **10. Authority to grant share options, allot and issue shares under GSS Energy Limited 2018 Executives' Share Option Scheme**

That the Directors of the Company be and are hereby authorised, pursuant to Section 161 of the Companies Act 1967 of Singapore, to offer and grant options ("**Options**") in accordance with the GSS Energy Limited 2018 Executives' Share Option Scheme (the "**GEL 2018 Scheme**"), and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options granted or to be granted under the GEL 2018 Scheme and to do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that:

- (a) the aggregate number of shares over which Options may be granted on any date (when added to the number of shares issued and/or are issuable upon the exercise of all Options and the number of shares issued and/or issuable in respect of all shares, options or awards granted under any other share option or share scheme of the Company then in force (if any)) shall not exceed fifteen per cent (15%) of the total number of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) of the Company on the day preceding that date; and

# Notice of Annual General Meeting

- (b) the aggregate number of shares to be offered to certain participants collectively and individually during the duration of the GEL 2018 Scheme (subject to adjustments, if any, made under the GEL 2018 Scheme) shall not exceed such limits or (as the case may be) sub-limits as may be prescribed in the GEL 2018 Scheme.

(See Explanatory Note 6)

**(Resolution 9)**

## 11. The proposed renewal of the Share Buy-Back Mandate

That:

- (a) pursuant to Section 76C and 76E of the Companies Act 1967 of Singapore (the “**Act**”), and Part XI of Chapter 8 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) on-market purchases through the ready market of the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time be listed and quoted (“**Other Exchange**”), through one or more duly licensed stockbrokers appointed by the Company for the purpose (the “**On-Market Share Buy-Back**”); and/or
- (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Catalist Rules (the “**Off-Market Share Buy-Back**”);

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange, as may for the time be applicable, be and is hereby authorised and approved generally and unconditionally (“**Share Buy-Back Mandate**”);

- (b) any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Act;
- (c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the proposed renewal of the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:
  - (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
  - (ii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; and
  - (iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Company in a general meeting;

## ***Notice of Annual General Meeting***

(d) In this resolution:

**“Maximum Limit”** means the number of Shares representing ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined hereinafter), in which event the issued share capital of the Company shall be taken to be the amount of the issued share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

**“Maximum Price”** in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of an On-Market Share Buy-Back, one hundred and five per centum (105%) of the Average Closing Price; and
- (ii) in the case of an Off-Market Share Buy-Back, one hundred and twenty per centum (120%) of the Average Closing Price,

where:

**“Relevant Period”** means the period commencing from the date on which this resolution is passed and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier, or until it is varied or revoked by the Company in a general meeting, after the date of the passing of this Ordinary Resolution 10;

**“Average Closing Price”** means the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, Other Exchange, preceding the day of the On-Market Share Buy-Back or, as the case may be, the day of the making of the offer pursuant to an Off-Market Share Buy-Back, as deemed to be adjusted for any corporate action that occurs during the relevant five (5) market day period and the day of the On-Market Share Buy-Back or, as the case may be, the day of the making of the offer pursuant to the Off-Market Share Buy-Back;

**“day of the making of the offer”** means the day on which the Company announces its intention to make an offer for the purchase of Shares from holders of Shares, stating the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back; and

- (e) The Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Ordinary Resolution 10.

(See Explanatory Note 7)(**Resolution 10**)

## ***Notice of Annual General Meeting***

### **12. The proposed diversification of the Group's business to include the electric vehicle mobility business (the "Proposed Diversification")**

That:

- (a) approval be and is hereby given for the diversification by the Company and its subsidiaries of its core business into the electric vehicle mobility sector (the "**New Business**"), including (i) engaging in research, ideation, engineering and prototyping of electric motorcycles and other electric vehicles and related components and peripherals; (ii) engaging in the development, manufacture, production assembly and distribution of electric motorcycles and other electric vehicles and related components and peripherals including but not limited to battery solution for electric motorcycles and other electric vehicles; (iii) holding investments in the electric vehicle mobility sector (including without limitation investments or participation in units, securities, partnership interests or any form of economic participation in any trust, entity or unincorporated association that carries on or invests, directly or indirectly, in the new Business); (iv) engaging in the marketing and promotion of total solutions in the electric vehicle sector, including the provision of advisory or other solutions in relation to the development, manufacture, assembly and distribution of electric motorcycles and other electric vehicles, swapping and charging stations for electric vehicles and other electric vehicles and software development for electric motorcycles and other electric vehicles; and (v) any other ancillary activities related to the New Business;
- (b) subject to compliance with the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst requiring approval from shareholders in certain circumstances, the Company (directly and/or through its subsidiaries) be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of from time to time, any such assets, businesses, investments and shares/interests in any entity that is related to the New Business, on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all acts and things as they deem desirable, necessary or expedient to give effect to any such investment, purchase, acquisition or disposal; and

the Directors be authorised and empowered, jointly and/or severally, to complete and do and execute all such things and acts (including, without limitation, executing all such documents as may be required) as they or he may think necessary or expedient to give effect to this resolution, with such modifications thereto (if any) as they or he shall think fit in the interests of the Company.

(See Explanatory Note 8)

**(Resolution 11)**

#### **BY ORDER OF THE BOARD**

GSS Energy Limited

Anthony Kuek  
Chairman

14 April 2022



# Notice of Annual General Meeting

## Explanatory Notes:

1. Mr Yeung Kin Bond, Sydney will, upon passing the Ordinary Resolution 4a in item 4 above, remain as a member of Nominating Committee.
2. Mr Fung Kau Lee, Glenn will, upon passing the Ordinary Resolution 4b in item 4 above, remain as a member of Audit Committee and Remuneration Committee respectively, and is considered non-independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.
3. Mr Wong Quee Quee, Jeffrey will, upon passing the Ordinary Resolution 5 above, remain as Chairman of the Audit Committee, and a member of Nominating Committee and Remuneration Committee respectively, and will be considered independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited. Mr. Wong Quee Quee, Jeffrey has no relationship with the Company, its related corporations, its substantial shareholders or its officers.
4. The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors from the date of this meeting until the date of the next annual general meeting or the date by which the next annual general meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this Resolution would not exceed one hundred per centum (100%) of the total number of issued shares of the Company at the time of passing this Resolution. For issue of shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed fifty per centum (50%) of the total number of issued shares of the Company.

For the purpose of Ordinary Resolution 7, the percentage of issued shares is based on the total number of issued shares at the time Ordinary Resolution 7 is passed after adjusting for (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from the exercise of share options or the vesting of share awards outstanding or subsisting at the time when Ordinary Resolution 7 is passed, provided the options and awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (c) any subsequent bonus issue, consideration or subdivision of shares.

5. The Ordinary Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue shares upon the exercise of such options granted or to be granted in accordance with the GEL Scheme provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all options granted or to be granted under the GEL Scheme as well as any shares, options or awards granted under any other share option or share scheme of the Company then in force (if any), shall not, in aggregate, exceed fifteen per centum (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company on the day preceding that date.
6. The Ordinary Resolution 9 in item 10 above, if passed, will empower the Directors of the Company, to grant options and to allot and issue shares upon the exercise of such options granted or to be granted in accordance with the GEL 2018 Scheme provided that the number of shares which the Directors may allot and issue under this Resolution, together with any shares issued and issuable in respect of all options granted or to be granted under the GEL 2018 Scheme as well as any shares, options or awards granted under any other share option or share scheme of the Company then in force (if any), shall not, in aggregate, exceed fifteen per centum (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company on the day preceding that date.
7. The Ordinary Resolution 10 in item 11 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to purchase or otherwise acquire issued ordinary Shares of the Company by way of On-Market Share Buy-Backs or Off-Market Share Buy-Backs of up to the Maximum Limit at the Maximum Price in accordance with the terms and conditions set out in the Appendix A to this Notice of Annual General Meeting, the Act and the Catalist Rules. Please refer to the Appendix A to this Notice of Annual General Meeting for more details.
8. Please refer to Appendix B to this Notice of Annual General Meeting for more details on the Proposed Diversification.

## Notes:

1. In view of the constantly evolving COVID-19 situation and to comply with the Infectious Diseases (Measures to Prevent Spread of COVID-19) Regulations 2020, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 of the COVID-19 (Temporary Measures) Act 2020 (Act 14 of 2020) and the Joint Statement by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation issued on 13 April 2020 (as updated from time to time) which included a checklist to guide listed and non-listed entities on the conduct of general meetings during the period when elevated safe distancing measures are in place. The AGM is being convened, and will be held, by way of electronic means.

# Notice of Annual General Meeting

2. This Notice of AGM will accordingly be sent to the shareholders of the Company (the “Shareholders”) solely by electronic means via publication on the Company’s website at the URL <https://gssenergy.com.sg/agm/> and will also be available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

3. **To minimise physical interactions and Covid-19 transmission risks, Shareholders will not be able to attend the AGM in person. A Shareholder (including a Relevant Intermediary) must appoint the Chairman of AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such Shareholder wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not to be a Shareholder.**

Alternative arrangements have been put in place to allow Shareholders to participate at the AGM:

- (a) watching a “live” webcast or listening to a “live” audio feed;
- (b) asking questions “live” at the virtual information session (“VIS”) or submitting questions in advance of the AGM; and
- (c) voting by appointing the Chairman of the AGM as proxy at the AGM,

as set out in the notes 4 to 8 below.

“Relevant Intermediary” means:

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

4. **Shareholders will NOT be able to ask questions during the “live” webcast of the AGM proceedings avoid any technical disruption and interference to the “live” webcast.** However, Shareholders may ask questions related to the resolutions to be tabled for approval at the AGM (which includes the proposed diversification of the business of the Company) during the VIS to be held prior to the AGM or by submitting questions in advance of the AGM in accordance with the instructions as set out in note 6 below.

A VIS will be held for Shareholders prior to the AGM, at **10.00 a.m on 20 April 2022** and the Company shall address any questions which Shareholders may have in relation to the resolutions tabled for approval at the AGM (which includes the proposed diversification of the business of the Company). The VIS will be moderated by Mr Yeung Kin Bond, Sydney, the Group Chief Executive Officer. Mr Yeung will also explain the rationale for the Proposed Diversification and Shareholders will be able to ask questions “live” during the VIS.

Shareholders who wish to attend the VIS should register online via the following URL <https://gssenergy.com.sg/registration-VIS/>, latest by **10.00 a.m on 19 April 2022**. An email confirmation will contain user ID and password details, as well as the link to access the VIS. Pre-registration is compulsory. Shareholders are not permitted to appoint a proxy to join the “live” webcast on their behalf.

Shareholders who do not receive an email by **3.00 pm on 19 April 2022**, but have registered by the 19 April 2022 deadline should contact our Share Registrar at (65) 6536 5355 or send an email to [registration@gssenergy.com.sg](mailto:registration@gssenergy.com.sg).

The minutes of the VIS will be published via an announcement on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website URL <https://gssenergy.com.sg/agm/>, no later than **10.00 a.m. on 23 April 2022**, which is at least 72 hours prior to the closing date and time for the lodgment of the proxy forms to facilitate members’ votes and to allow Shareholders to make an informed decision on the resolutions to be tabled at the AGM.

5. **Attendance of AGM via electronic means:** Shareholders may participate in the AGM by:

- (a) watching the live audio-visual webcast of the AGM proceedings; or
- (b) listening to the live audio-only stream of the AGM proceedings.

Shareholders who wish to attend the AGM should register online via the following URL <https://gssenergy.com.sg/registration/>, latest by **10.00 a.m. on 26 April 2022**. Full instructions and details are available at Company’s website URL <https://gssenergy.com.sg/agm/>. An email confirmation will contain user ID and password details, as well as the link to access the AGM. Pre-registration is compulsory.

# Notice of Annual General Meeting

Shareholders who do not receive an email by **6.00 pm on 27 April 2022**, but have registered by the 26 April 2022 deadline should contact our Share Registrar at (65) 6536 5355 or send an email to [registration@gssenergy.com.sg](mailto:registration@gssenergy.com.sg).

- 6. Submission of questions in advance of the AGM:** Shareholders will NOT be able to ask questions during the “live” webcast of the AGM proceedings avoid any technical disruption and interference to the “live” webcast. Shareholders may attend the VIS by following the instructions as set out in note 4 above or may pre-submit any questions they wish to ask in relation to the resolutions to be tabled at the AGM by (a) visiting the AGM page of the Company’s website at the URL <https://gssenergy.com.sg/registration/>, or (b) email to the Company’s Share Registrar at [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com), or (c) submitting by post, be submitted at the Company’s Registered Office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632. The submission deadline for the questions is **10.00 a.m. on 21 April 2022**.

The Company will consider all questions and endeavour to address all substantial and relevant questions on the resolutions tabled for approval at the AGM (which includes the proposed diversification of the business of the Company) which are received from Shareholders, via an announcement on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at URL <https://gssenergy.com.sg/announcements/> no later than **10.00 a.m. on 23 April 2022**, which is at least 72 hours prior to the closing date and time for the lodgment of the proxy forms to facilitate Shareholders’ votes and to allow shareholders to make an informed decision on the resolutions to be tabled at the AGM.

- 7. Voting by appointing the Chairman of the AGM as proxy:** A Shareholder (whether individual or corporate) must:

- (a) use the proxy form to appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions on the proxy form. The proxy form can be obtained electronically from the AGM page of the Company’s website at the URL <https://gssenergy.com.sg/aggm/>, or from the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the proxy form will not be sent to the Shareholders;
- (b) give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which appointment of the Chairman of the AGM as proxy for the resolution will be treated as invalid; and
- (c) submit the proxy form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, in the following manner:
  - (i) if submitted by post, be submitted at the Company’s Registered Office at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
  - (ii) if submitted electronically, be submitted via email to the Company’s Share Registrar at [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com),

in either case not less than seventy-two (72) hours before the time appointed for the AGM (i.e. by **10.00 a.m. on 26 April 2022**) or any adjournment thereof.

A Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit proxy forms electronically by email.**

- (d) The instrument appointing a proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
- (e) Investors who hold the Shares via a securities sub-account with a Depository Agent (“DA”) and wish to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, should contact their respective DAs as soon as possible in order of the necessary arrangements to be made by their DAs for such appointment.
- (f) The Chairman of the AGM, as proxy, need not be a Shareholder.
- (g) The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

# Notice of Annual General Meeting

## 8. Persons who hold shares through Relevant Intermediaries:

- (a) Central Provident Fund Investment Scheme investor (“**CPF Investor**”) and/or Supplementary Retirement Scheme investor (“**SRS Investor**”) who hold the Shares through the respective CPF Agent Banks/SRS Operators (being relevant intermediaries) and who wish to participate in the AGM by (a) watching or listening to the AGM proceedings via the live audio-visual webcast or the live audio-only stream, and/or (b) submitting questions in advance of the AGM, may pre-register at the AGM page of the Company’s website at the URL <https://gssenergy.com.sg/agm/>.

CPF Investors / SRS Investors who wish to participate in the AGM by appointing Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM should approach their respective CPF Agent Bankers/SRS Operators to submit their votes by **10.00 a.m. on 19 April 2022** if they wish to appoint the Chairman of the AGM as proxy. The proxy form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

- (b) Investors who hold the Shares via a securities sub-account with a DA (being a Relevant Intermediary) and who wish to participate in the AGM by (a) watching or listening to the AGM proceedings via the live audio-visual webcast or the live audio-only stream, and/or (b) asking questions “live” at the VIS and/or submitting questions in advance of the AGM, may refer to the relevant instructions as set out above. Further, full instructions and details are available at Company’s website URL <https://gssenergy.com.sg/agm/>. However, such investors should note that they will not be registered unless their DA has written to the Company to confirm that they are a securities sub-account holder with the DA, and that they hold the Shares. Such investors should inform their DA that they have pre-registered for the VIS and/or the AGM, and provide their DA with the same name, email address, identification number and contact number as they have provided on the registration page. If such investors wish to appoint the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, they should contact their respective DAs as soon as possible in order for the necessary arrangements to be made by their DAs as for such appointment.

9. The AR2021, the Appendices to this Notice of AGM, this Notice of AGM and the proxy form are available on the Company’s website at the URL <https://gssenergy.com.sg/agm/> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies will not be sent to Shareholders.
10. Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change its arrangements for the AGM at shorter notice. Shareholders should check the AGM page of the Company’s website at the URL <https://gssenergy.com.sg/agm/> for the latest updates on the status of the AGM.

### Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) pre-registering for the VIS or the live audio-visual webcast or live audio-only stream of the AGM (collectively, the “**Virtual Meetings**”), or (c) submitting any questions prior to the AGM in accordance with this Notice of AGM, a Shareholder (i) consents to the collection, use and disclosure of the Shareholder’s personal data by the Company (or its agents) for the following purposes:

- (a) processing and administration by the Company (or its agents) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (b) processing of the registration for purpose of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to observe the proceedings of the Virtual Meetings and providing them with any technical assistance where necessary;
- (c) addressing relevant and substantial questions from Shareholders received before the AGM and if necessary, following up with the relevant Shareholders in relation to such questions; and
- (d) in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the VIS and/or the AGM (where applicable) may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the VIS and/or the AGM (where applicable). Accordingly, the personal data of a Shareholder (such as his/her name, his/her presence at the VIS and/or the AGM (where applicable) and any questions he/she may raise or motions he/she propose/second) may be recorded by the Company for such purpose.

# GSS ENERGY LIMITED

(Company Registration No. 201432529C)  
(Incorporated in the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. The Annual General Meeting ("AGM") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Proxy Form will not be sent to members. Instead, this Proxy Form will be sent to the members solely by electronic means via publication on the Company's website at the URL <https://gssenergy.com.sg/aggm/>. This Proxy Form will also be available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. **To minimise physical interactions and Covid-19 transmission risks, members will not be able to attend the AGM in person. A member of the Company (including Relevant Intermediary) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not to be a member of the Company.**
3. Alternative arrangements have been put in place to allow members to participate at the AGM by (a) watching a "live" webcast or listening to a "live" audio feed, (b) asking questions "live" at the virtual information session or submitting questions in advance of the AGM, (c) voting by appointing the Chairman of the AGM as proxy at the AGM, as set out in Notes 4 to 8 of the Notice of AGM.
4. Members are not permitted to appoint a proxy to join the virtual information session.
5. For investors who holds shares under Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors / SRS Investors should contact their respective CPF Agent Banks/SRS Operators to submit their votes by **10.00 a.m. on 19 April 2022** if they wish to appoint the Chairman of the AGM as proxy.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport/Company

Registration number) of \_\_\_\_\_ (Address)

being a member/members of GSS ENEREGY LIMITED (the "Company") hereby appoint the **Chairman of the AGM** as my/our proxy to vote for me/us on my/our behalf at the AGM of the Company to be held by electronic means on 29 April 2022 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy to vote for, against or abstain from the Resolutions proposed at the AGM as indicated hereunder.

No.	Resolutions relating to:	For*	Against*	Abstain*
1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021			
2	To approve the payment of Directors' Fees of S\$111,000 for the financial year ended 31 December 2021			
3	To approve the payment of Directors' Fees of S\$116,000 for the financial year ended 31 December 2022			
4a	To re-elect Mr Yeung Kin Bond, Sydney as a Director pursuant to Regulation 89 of the Constitution of the Company and Rule 720 (4) of the Listing Rule of Singapore Exchange Securities Trading Limited ("SGX-ST")			
4b	To re-elect Mr Fung Kau Lee, Glenn as a Director pursuant to Regulation 89 of the Constitution of the Company and Rule 720 (4) of the Listing Rule of Singapore Exchange Securities Trading Limited ("SGX-ST")			
5	To re-elect Mr Wong Quee Quee, Jeffrey as a Director pursuant to Regulation 88 of the Constitution of the Company			
6	To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
7	Authority to allot and issue shares			
8	Authority to grant share options, allot and issue shares under GSS Energy Limited Executives' Share Option Scheme			
9	Authority to grant share options, allot and issue shares under GSS Energy Limited 2018 Executives' Share Option Scheme			
10	Proposed renewal of the Share Buy-Back Mandate			
11	Proposed diversification of the Group's business to include the electric vehicle mobility business			

\* If you wish your proxy to cast all your votes **For** or **Against** a resolution, please tick with "✓" in the **For** or **Against** box. Alternatively, please indicate the number of votes **For** or **Against** each resolution. If you wish your proxy to **Abstain** from voting on a resolution, please tick with "✓" in the Abstain box. Alternatively, please indicate the number of shares that your proxy is directed to abstain from voting. All resolutions put to the vote at the AGM shall be decided by way of poll. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

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

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





## Notes:

The Company is taking the relevant steps in accordance with the COVID-19 (Temporary Measure) Act 2020.

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 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy shall be deemed to relate to all the Shares held by you.
2. In view of the constantly evolving COVID-19 situation and to comply with the Infectious Diseases (Measures to Prevent Spread of COVID-19) Regulations 2020, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 of the COVID-19 (Temporary Measures) Act 2020 (Act 14 of 2020) and the Joint Statement by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation issued on 13 April 2020 (as updated from time to time) which included a checklist to guide listed and non-listed entities on the conduct of general meetings during the period when elevated safe distancing measures are in place, the AGM is being convened, and will be held, by way of electronic means.

**To minimise physical interactions and Covid-19 transmission risks, members will not be able to attend the AGM in person. A member of the Company (including Relevant Intermediary) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM.**

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A member of the Company (whether individual or corporate) must:
    - (a) use this proxy form to appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions on this proxy form. This proxy form can be obtained electronically from the AGM page of the Company's website at the URL <https://gssenergy.com.sg/agm/>, or from the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of this proxy form will not be sent to the members; and
    - (b) give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this proxy form, failing which appointment of the Chairman of the AGM as proxy for the resolution will be treated as invalid.
  4. This proxy form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, in the following manner:
    - (a) if submitted by post, be submitted at the Company's Registered Office at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
    - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at [srs.teamc@boardroomlimited.com](mailto:srs.teamc@boardroomlimited.com),

in either case not less than seventy-two (72) hours before the time appointed for the AGM (i.e. by **10.00 a.m. on 26 April 2022**) and at any adjournment thereof.

A member who wishes to submit an instrument of proxy must first download, complete and sign this proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

5. The instrument appointing a proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. This proxy form is not valid for use by CPF Investors / SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors / SRS Investors should contact their respective CPF Agent Banks/SRS Operators to submit their votes by 10.00 a.m. on 19 April 2022 if they wish to appoint the Chairman of the AGM as proxy. For investors who hold the Shares via a securities sub-account with a Depository Agent (“DA”) (being a relevant intermediary) and wish to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, should contact their respective DAs as soon as possible in order of the necessary arrangements to be made by their DAs for such appointment.

## General:

The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (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 an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2022.



**GSS Energy Limited**

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