

GP Batteries International Limited (the "Company") is committed to ensuring and maintaining high standards of corporate governance in conformance with the latest Singapore Code of Corporate Governance (updated 2 May 2012) as well as the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Corporate Governance Council conducted a comprehensive review of the Code and submitted its recommendations to the Monetary Authority of Singapore ("MAS") in November 2011. MAS issued a revised Code of Corporate Governance on 2 May 2012, (the "2012 Code") which replaces the Code of Corporate Governance issued in July 2005 (the "2005 Code"). The Code will take effect in respect of annual reports relating to financial years commencing 1 November 2012. Whilst the 2012 Code is not mandatory, listed companies are required under the Singapore Exchange Listing Rules to disclose their corporate governance practices and explain any deviations from the Code in their annual reports.

This report describes the Company's corporate governance practices and structures in place during the financial year ended 31 March 2014, with specific reference to the principles and guidelines of the 2012 Code, and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Singapore Companies Act and the Audit Committee Guidance Committee ("ACGC") Guidebook issued on 30 October 2008, focusing on areas such as internal controls, risk management, financial reporting, internal and external audit.

The Board has adhered to the principles and guidelines set forth in the May 2012 Code as set out below. Where there are deviations in the Company's practices from the principles of the Code, the basis for this has been explained.

THE 2012 CODE

The 2012 Code is divided into four main sections, namely:

- (A) Board Matters
- (B) Remuneration Matters
- (C) Accountability and Audit
- (D) Shareholder Rights and Responsibilities

(A) BOARD MATTERS

The Board of Directors as at the date of the Corporate Governance Report comprises:

Mr Victor Lo Chung Wing (Appointed on 25 April 2014)
Mr Andrew Ng Sung On (Director until 17 April 2014)
Mr Richard Ku Yuk Hing
Mr Henry Leung Kwong Hang
Mr Leung Pak Chuen (Appointed on 29 May 2014)
Mr Hui Wing Sun
Mr Tsang Kwan Lung (Director until 31 July 2013)
Mr Brian Wong Tze Hang
Mr Lim Jiew Keng
Mr Allan Choy Kam Wing
Mr Goh Boon Seong

A description of the background of each director is presented in the "Board of Directors" section of this annual report.

Board's Conduct of Affairs

The Board meets regularly to review the Group's strategic business plans, the assessment of key risks by management and the financial performance of the Group to enable the Group to meet its business objectives. The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management systems and internal controls to safeguard shareholders' and stakeholder's interests and the Group's assets. All Board members bring their independent judgment, diversified knowledge and experience to bear on issues of strategy (including social and environmental issues), performance, resources and standards of conduct and ethics.

Board's Conduct of Affairs (cont'd)

The Board objectively takes decisions in the interests of the Company. The authority of the Board in relation to matters concerning the Company's business affairs are defined in the Risk Governance Framework and Manual of the Company. The Board has delegated specific responsibilities to three Committees, namely the Audit, Nominating and Remuneration Committees ("AC", "NC" and "RC" respectively). Information on each of the three Committees is set out below. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Furthermore, the Company has formalised a Board authority matrix and the authority delegated to Management. This contains both approval limits as well as the Committees and Management designations responsible for authorisation of key activities and/or transactions. Such activities and transactions which require Board approval relate to significant investments/divestments, financing arrangements, interested persons transactions, capital expenditure, financial budgets, share issuance and dividend payments and any material transactions which require announcements under the SGX Listing Rules.

The Board meets at least four times a year and these meetings are scheduled well in advance. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings.

The Articles of Association of the Company allow Directors to participate in a Board meeting by telephone conference or video-conference whereby all persons participating in the meeting are able to communicate as a group, without requiring the Directors' physical presence at the meeting.

The number of Board and Board Committee meetings held in the financial year ended 31 March 2014 and the attendances of Directors at these meetings are as follows:

	Board		AC		NC		RC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Andrew Ng Sung On *	5	5	NA	NA	2	2	NA	NA
Richard Ku Yuk Hing	5	5	NA	NA	NA	NA	NA	NA
Hui Wing Sun	5	4	NA	NA	NA	NA	NA	NA
Henry Leung Kwong Hang **	5	5	NA	NA	2	1	NA	NA
Tsang Kwan Lung ***	5	1	NA	NA	2	1	NA	NA
Brian Wong Tze Hang	5	5	NA	NA	NA	NA	NA	NA
Lim Jiew Keng	5	5	4	4	2	2	3	3
Allan Choy Kam Wing	5	5	4	4	2	2	3	3
Goh Boon Seong	5	5	4	4	2	2	3	3

* Director until 17 April 2014

** Appointed as a member of the NC on 31 July 2013

*** Director until 31 July 2013

The appointment of Directors is recommended to the Board by the NC and the Directors are briefed on their duties and obligations. The Company also organises an induction briefing from senior management for new Directors to familiarise them with the business activities of the Company (covering products, customers, market position, financial, organisational structure and performance), the Company's strategic direction and corporate governance practices. The Company also arranges, where necessary, for new Directors to visit the major operating facilities of the Group.

To keep pace with new laws, regulations, changing commercial risks and accounting standards, all Directors are encouraged to attend, at the Company's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations. The Company Secretary will bring to directors' attention, information on seminars that may be of relevance or use to them.

Board's Conduct of Affairs (cont'd)

For the financial year ended 31 March 2014, the following training engagements and briefings were arranged for the Board:

- Developments to the accounting standards and IFRS were provided by the external auditors Deloitte & Touche;
- Developments to corporate governance and risk management were provided by RSM Ethos, an external consultant;
- Developments and changes to the regulatory landscape and legal environment were presented by the Company Secretary and external professionals; and
- Latest changes and updates to the industry and sector developments and the implications to the Group were presented by the Chief Executive Officer and the Chief Operating Officer.

Board Composition and Independent Directors

The Board comprises nine members, three of whom are Non-Executive Directors. All three Non-Executive Directors, Mr Lim Jiew Keng, Mr Goh Boon Seong and Mr Allan Choy are independent (i.e. they have no relationship with the Group, its related companies, its 10% Shareholders, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Group, and they are able to exercise objective judgment on corporate affairs independently from Management and its 10% Shareholders). Mr Allan Choy is also a non-executive and independent member of the Board of GP Industries Limited, which is the immediate holding company of the Company.

All Directors are required to disclose any relationships or appointments which would impair their independence to the Board on a timely basis and this is facilitated by the Company Secretary through an annual disclosure exercise. The Board views that all Non-Executive Directors of the Company are independent and this is based on the evaluations performed by the NC.

The Chairman and the Chief Executive Officer are the same individual. The Board is of the view that this arrangement does not impair the effectiveness of decision making. The Chairman and Chief Executive Officer is responsible for the overall operations of the Group as well as ensuring that the principles and the application of the Code of Corporate Governance are duly adhered to. There is sufficiently independent representation in the committees of the Board which provide an independent and objective element to Group and strategic level decision making. The NC is also of the view that the current Board as a whole provides core competencies necessary to meet the Company's objectives. The Board shall continually evaluate the number of independent directors, and is taking active steps to over time, increase the independent composition of the Board.

None of the Independent Directors has served on the Board for a period exceeding nine years. The NC evaluates the independence of a Director in accordance with the definition of 'Independent Director' as defined in Guideline 2.3 of the 2012 Code.

Board Size

The Board takes the assistance of the NC, in reviewing the Board size on an annual basis, and considers the present Board size as appropriate for the current scope and nature of the Group's operations. Although all the Directors have an individual and collective responsibility for the Group's operations, the role of these Independent Non-Executive directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and examined, and take account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers and the various communities and environments in which the Group conducts business.

Board Experience

The Board as a whole, comprises executive and independent non-executive members who bring a vast wealth of experience to the Group. The executive members of the Board are qualified in the specialists fields of engineering, operational management, finance and legal. The Independent Non-Executive Directors aside from their appointments in other listed companies, also bring industry experience from the banking and finance sector, manufacturing and the engineering industry.

A brief description of the background of each director is presented under Board of Directors and Senior Management section of this annual report.

Role of the Non-Executive Directors

The Non-Executive Directors meet as scheduled to constructively challenge and help develop proposals on business strategy, review management performance against the business objectives. Where required, the Non-Executive Directors shall also convene meetings to address ad hoc or urgent Group related matters. They deliberate and engage in constructive dialogue (either as a non-executive group or with management) in order to proactively provide independent advice on business implications and proposed action plans.

Chairman

Mr Andrew Ng Sung On was both Chairman and Chief Executive of the Company since 1993. In April 2014, Mr Victor Lo Chung Wing was appointed as Chairman and Chief Executive Officer ("CEO") of the Company, in place of the late Mr Andrew Ng Sung On.

The Chairman is also the CEO of the Company. The role of the Chairman and CEO should principally be separated to maintain an appropriate balance of power, increased accountability and to facilitate independent decision making by the Board. The Chairman and CEO promotes high standards of corporate governance on the Board and within the Group.

Nonetheless, there are compensating factors to mitigate the consolidation of the Chairman and CEO role within the Group. For instance, there are three Independent Non-Executive Directors on the Board. They provide an independent and objective element to the Board, participating actively in matters relating to business, finance, corporate governance, remuneration and appointment of Board members. The Board's committees, namely the AC, RC and NC, comprise primarily Independent and Non-Executive members. The division of the responsibilities of the Chairman and CEO are discussed within the Board and considered by the NC in their assessment and evaluation of the performance of the key executives of the Company.

The Board believes that there are sufficient safeguards against an uneven concentration of power and authority in a single individual, and that the existing single leadership arrangement is effective. The Board continually reviews the role of the Chairman and CEO as well as the composition (including the independence) of the Board to ensure that it does not impede the principles of independence and objectivity in decision making.

Role of the Chairman

The role and responsibility of the Chairman include:

- i) Ensuring Board effectiveness through his leadership and managing the relationship between Management and shareholders of the Group;
- ii) Ensuring that Board meetings are held as and when necessary;
- iii) Approving the Board agenda;
- iv) Providing oversight on accurate, timely and clear information contained within the Board papers circulated to Board members;
- v) Dedicating sufficient time to all agenda items;
- vi) Monitoring communications and relations within the Board, with Management and the shareholders to facilitate constructive dialogue; and
- vii) Facilitating effective contribution of the Independent and Non-Executive Directors.

Lead Independent Director

The Board has appointed Mr Lim Jiew Keng to act as the Lead Independent Director. Mr. Lim Jiew Keng is presently the Chairman of the AC.

The Lead Independent Director is available for dialogue with shareholders in circumstances where:

- Shareholder contact through regular channels to engage the Chairman/CEO, COO or the CFO is unable to yield resolution of issues or;
- Where shareholder contact with the Chairman/CEO, COO or CFO is inappropriate.

The Independent Non-Executive Directors meet annually without the presence of the other members of the Board (or more frequently if required), to discuss matters of significance which are thereon reported to the Chairman/CEO.

Nominating Committee

The NC as at the date of the Corporate Governance Report comprises the following Directors:

Mr Allan Choy Kam Wing (Chairman)
Mr Victor Lo Chung Wing (Appointed as Member on 25 April 2014)
Mr Andrew Ng Sung On (Member until 17 April 2014)
Mr Lim Jiew Keng (Member)
Mr Goh Boon Seong (Member)
Mr Henry Leung Kwong Hang (Appointed as Member on 31 July 2013)
Mr Tsang Kwan Lung (Member until 31 July 2013)

The majority of the NC are Independent and Non-Executive. The NC met twice during the financial year.

The NC has a Terms of Reference endorsed by the Board that sets out its duties and responsibilities. The NC is responsible for making recommendations to the Board on all board appointments, evaluation of performance of the Board, its Board committees, members and Directors, adequacy of the Board's training and professional development programmes and review the Board's succession plans for Directors, in particular the Chairman/CEO. Specifically, the terms of reference for the NC addresses:

- i) Making recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;
- ii) Regular review of the Board structure, size and composition and making recommendations to the Board with regards to any adjustments that are deemed necessary;
- iii) Responsibility for identifying and nominating candidates for the approval of the Board, determining annually whether or not a director is independent, making recommendation to fill Board vacancies as and when they arise as well as putting in place plans for succession, in particular for the Chairman/CEO;
- iv) Recommending to the Board for the continuation (or not) in services of any Director who has reached the age of 70, or any Independent Director who has served on the Board for more than nine years; and
- v) Recommending Directors who are retiring by rotation to be put forward for re-election taking into consideration eligibility, effectiveness, and contribution to the Board.

Independence of Directors

The NC is also responsible for determining annually, the independence of Directors. In doing so, the NC takes into account the circumstances set forth in the Code and any other salient factors. Following its annual review, the NC has endorsed the following independence status of these directors:

Independent

Mr Lim Jiew Keng
Mr Allan Choy Kam Wing
Mr Goh Boon Seong

Sufficient Time and Attention by Directors

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, taking into consideration the director's number of listed company board representations and other principal commitments. With due respect to individual autonomy of each Director, no maximum number of listed company board representations a Director may hold is prescribed.

The Board does not have a practice of appointing alternate directors.

Selection, Appointment and Re-appointment of Directors

When selecting new Directors or re-appointing existing Director, the NC identifies certain key attributes. These attributes are endorsed by the Board prior to the selection and short-listing process (which includes referrals and identification through professional recruitment firms).

The NC members collectively assess and concur on the appointment/re-appointment of the Directors for consideration by the Board. In assessing Director re-appointment, the NC evaluates several criteria including, qualifications, contributions and independence.

The information on each director's qualifications, directorship and other principal commitments is as follows:

Particulars of Directors pursuant to the Code of Corporate Governance 2012:

Name of Director	Victor Lo Chung Wing	Richard Ku Yuk Hing	Henry Leung Kwong Hang
Role	Chairman and Chief Executive Officer Executive Director	Vice Chairman Executive Director	Chief Operating Officer and Chief Risk Officer Executive Director
Academic and Professional Qualifications	Mr Lo graduated from the Institute of Design of Illinois Institute of Technology, US with a Bachelor of Science degree in Product Design. He also holds an Honorary Doctorate in Design from The Hong Kong Polytechnic University.	Mr Ku graduated from the Sophia University, Japan with a Bachelor of Science degree in Economics.	Mr Leung graduated from the University of Essex, UK with a Bachelor's degree in Telecommunication Engineering. He is a Chartered Engineer and a member of The Institution of Engineering and Technology, UK as well as a fellow member of The Hong Kong Institution of Engineers.
Board Committee(s) served on	Nominating Committee (member)	Nil	Nominating Committee (member)
Date of first appointment as a Director	25 April 2014	24 July 1990	13 August 2008
Date of last re-election/re-appointment as a Director	Not applicable	31 July 2012	31 July 2013

CORPORATE GOVERNANCE (CONT'D)

Name of Director	Victor Lo Chung Wing	Richard Ku Yuk Hing	Henry Leung Kwong Hang
Present directorships in other listed companies	Gold Peak Industries (Holdings) Limited <i>Chairman and Chief Executive, Executive Director</i> GP Industries Limited <i>Chairman and Executive Director</i>	Gold Peak Industries (Holdings) Limited <i>Executive Director</i>	Nil
Past directorships in other listed companies over the three years	Nil	Nil	Nil
Other principal commitments	Hong Kong Design Centre <i>Chairman of the Board of Directors</i> West Kowloon Cultural District Authority of Hong Kong SAR Government <i>Member of the Board</i> Economic Development Commission of Hong Kong SAR Government <i>Member</i>	Nil	Nil
Name of Director	Leung Pak Chuen	Hui Wing Sun	Brian Wong Tze Hang
Role	Executive Director	Executive Director	Head of Finance Executive Director
Academic and Professional Qualifications	Mr Leung graduated from Chu Hai College, Hong Kong with a Bachelor's degree in Business Administration. He is a member of The Chartered Institute of Marketing, UK and The International Institute of Management.	Mr Hui holds a Higher Diploma in Mechanical Engineering from The Hong Kong Polytechnic University and a Master of Science degree in Applied Mechanics from the Institute of Science and Technology, University of Manchester, UK.	Mr Wong holds a Bachelor of Laws degree from the University of London, UK. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the UK.
Board Committee(s) served on	Nil	Nil	Nil
Date of first appointment as a Director	29 May 2014	24 July 1990	1 June 2009
Date of last re-election/ re-appointment as a Director	Not applicable	31 July 2012	31 July 2013
Present directorships in other listed companies	Gold Peak Industries (Holdings) Limited <i>Deputy Chief Executive, Executive Director</i> GP Industries Limited <i>Executive Vice Chairman</i> Meiloon Industrial Co. Ltd <i>Executive Director</i>	Nil	Nil
Past directorships in other listed companies over the three years	Nil	Nil	Nil
Other principal commitments	Nil	Nil	Nil

Name of Director	Lim Jiew Keng	Allan Choy Kam Wing	Goh Boon Seong
Role	Lead Independent Director Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Academic and Professional Qualifications	Mr Lim holds a Bachelor of Social Science (Honours) degree in Economics from the National University of Singapore (formerly University of Singapore), a Certificate in Education from the National Institute of Education (formerly Teachers' Training College), Singapore and completed an Advanced Management Programme at the Fuqua Business School of the Duke University, US. Mr Lim has been a member of the Singapore Institute of Directors since 2002.	Mr Choy holds a Diploma in Management Studies from the University of Hong Kong and an MBA degree from the University of Macau.	Mr Goh graduated from the National University of Singapore (formerly University of Singapore) in 1978 with a Bachelor of Business Administration degree.
Board Committee(s) served on	Audit Committee (Chairman) Nominating Committee (Member) Remuneration Committee (Member)	Nominating Committee (Chairman) Audit Committee (Member) Remuneration Committee (Member)	Remuneration Committee (Chairman) Audit Committee (Member) Nominating Committee (Member)
Date of first appointment as a Director	1 July 2009	24 May 2011	28 May 2012
Date of last re-election/ re-appointment as a Director	31 July 2013	29 July 2011	31 July 2012
Present directorships in other listed companies	Nil	GP Industries Limited <i>Independent Non-Executive Director</i>	Boustead Singapore Limited <i>Independent Director</i>
Past directorships in other listed companies over the three years	Jaya Holdings Limited <i>Independent Director</i> Surface Mount Technology (Holdings) Limited <i>Independent Director</i>	Nil	Nil
Other principal commitments	BSL Consultants Pte Ltd <i>Director</i>	Redkifree Industries Co. Ltd <i>Director</i> Shanghai Hertel Yanda Installation Engineering Co. Ltd <i>Non-Executive Director</i>	WhiteRock Medical Company Pte Ltd <i>Shareholder & Officer</i>

The details of the Directors' shareholdings are disclosed on page 24 of the Report of the Directors under Directors' Interests in Shares and Debentures.

Assessing Board Performance

The Board has implemented a process for assessing Board effectiveness and the contribution of each Director towards board effectiveness. The Board through the NC, works with the Company Secretary to evaluate Board performance through a formal evaluation program. This program identifies the strategic and long-term objectives of the Group and aligns it with the attributes and contribution measures against which the Board is assessed. For the year under review, the Board has considered the following key performance criteria:

- Board composition (including the degree of independence, experience and skill sets)
- Board information (including the timeliness and quality of business and financial information)
- Board communication (including openness, adequacy of timing allocated to deliberate issues, dynamics, appropriate focus on risk, access to management and orientation of new Directors)
- Board accountability (including decision making, communication with shareholders, adequate focus on strategic and budgetary matters and effectiveness of Board sub-committees)
- Board standards of conduct (including disclosure of conflict of interests and appropriate interaction with management)

The NC reviews the performance of the Directors including the appointment and resignation of Board members. Individual director evaluations are taken into account by both the NC and the Board Chairman when considering each Director's performance and any changes to Board appointments. The basis of evaluating each Director's effectiveness is being continually refined to raise the level of precision in measurement and benchmarking of the results against predetermined criteria.

Board Access to Information

All Directors receive a set of Board papers prepared by Management prior to the Board meetings. Board papers are generally issued to directors prior to the meeting. This allows Directors to obtain further explanations from Management, where necessary, in order to be briefed properly and prepare for the Board meeting. The Board papers include, among others, the following documents and details:

- Minutes of the previous Board meeting;
- Background or explanations on matters brought before the Board for decision or information, including issues being dealt with by Management, and relevant budgets, forecasts and projections;
- In respect of budgets, material variances between projections and actual results, supported by formal explanations are also circulated when required, to the members of the Board;
- Any major operational and financial issues; and
- Other ad hoc and relevant business performance and development reports.

The Board of Directors is also consulted or updated on the latest developments of the Group, any major issues or relevant business matters through both formal and informal meetings with Management. These meetings are facilitated either as part of the Board meeting or via teleconference/email correspondences with the Management team involved.

Matters which require the Board's oversight are reviewed and approved through formal Board Resolutions.

The Board is furnished with monthly management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects. In addition, the Board reviews and discusses the latest management accounts at each Board meeting.

Directors have separate and independent access to the Group's management, including the Chairman/CEO, the COO, CFO and the Group's internal and external auditors. Directors are able to query management on any details relating to the Management reports and Board papers. Management shall accordingly respond to the Directors on the queries raised for further deliberation or resolution.

Role of the Company Secretary

The Board has access to the advice and services of the Company Secretary.

The Company Secretary attends all Board meetings (including the meetings to review draft company announcements and the Group's results). The Company Secretary also attends all meetings of the RC and NC.

The Company Secretary also assist the Chairman to ensure that Board procedures are duly followed and regularly reviewed for compliance with relevant rules and regulations and effective functioning of the Board.

Under the Articles of Association of the Company, the decision relating to appointment and renewal of the Company Secretary can be taken by the Board.

Professional Advice taken by the Board

The Board, either in full or on an individual Director basis, is able to seek and take professional independent advice in relation to the furtherance of their duties. Such professional advice taken is borne wholly by the Company.

(B) REMUNERATION MATTERS

The RC is responsible for ensuring that a formal and transparent procedure exists in the development of policies on executive remuneration, and for determining the remuneration packages of individual Directors and key executives.

Remuneration Committee

The RC as at the date of the Corporate Governance Report comprises the following three Non-Executive and Independent Directors:

Mr Goh Boon Seong (Chairman)
Mr Lim Jiew Keng (Member)
Mr Allan Choy Kam Wing (Member)

No member of the RC is involved in deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

The RC is governed by specific Terms of Reference and the principal responsibility of the RC is to:

- i) Review and recommend to the Board in consultation with Management and the Chairman of the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the executive directors and senior executives/divisional directors (those reporting directly to the Chairman and Chief Executive Officer) of the Group including those employees related to the executive directors and substantial/controlling shareholders of the Group.
- ii) Review and submit its recommendations for endorsement by the entire Board, share-based incentives or awards or any long-term incentive schemes which may be set up from time to time, in particular to review whether directors and key executive should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith.
- iii) Function as the Committee which administrates the GP Batteries Performance Share Plan ("the Performance Share Plan").
- iv) Review and recommend termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to key management personnel in the Group, and ensuring that their contracts of service contain fair and reasonable termination clauses which are not overly generous.
- v) Carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

Remuneration Committee (cont'd)

- vi) Ensure that all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based, incentives and awards and benefits-in-kind are covered.

In deriving the Company's Remuneration Policy, the RC works closely with the Human Resources function. The Human Resources function provides details of the remuneration of the Board and key executives to the committee who thereon evaluates the remuneration levels against available industry data to determine if the level and mix of remuneration is reasonable. The remuneration policy recommended by the RC is submitted for approval by the Board.

The RC reviews the reasonableness of the terms of employment of the key executives of the Group. All Independent and Non-Executive Directors are paid a fixed fee. The Executive Directors and key executives (including the top five senior management personnel who are not Board members) have remuneration structures that are fixed salary based, supplemented with a reasonable variable performance component. This structure does not promote excessive risk taking and is aligned with the Group's business strategy, longer term objectives and risk policies.

Remuneration of Executive Directors and Key Management Personnel

(a) Fixed and Variable Components

The Remuneration Policy for key executives comprises a fixed component and a variable component that is linked to the Company's performance. The fixed component comprises a base salary, statutory-related contributions as well as internally structured corporate contributions. The variable component comprises a variable bonus which is based on the Company's and individual's performance.

The remuneration structure is aligned with the long-term business interests and it is designed to be motivational and facilitate the retention of key talent within the Senior Management ranks.

The base and variable remuneration to be paid to key executives are reviewed by the RC annually. The RC performs a periodic benchmark of the remuneration framework and its components against the market. This also ensures that there is a correlation between increased remuneration and performance benefits and that remuneration structures do not encourage excessive risk taking.

(b) Benefits

Benefits provided are in line with market practice and eligibility is dependent on the individual's salary grade.

(c) Performance Share Plan

The Company also has a Performance Share Plan which was approved by the shareholders in an Extraordinary General Meeting held on 30 July 2010.

Under this Performance Share Plan, shares are awarded based on the eligibility and performance of the individual and this is approved jointly by CEO, COO, Group Human Resources and the RC. There have not been any performance shares issued to date.

The Company's share option scheme expired in 2009 and all the options granted under this scheme have since been exercised or have expired. None of the Directors nor Senior Management of the Company presently holds any share options in the Company.

In order to align the interest and balance the level of remuneration of Non-Executive Directors, the Performance Share Plan has been made eligible to the Non-Executive members of the Board. This ensures that the level and mix of remuneration is in line with business and shareholder interests.

The RC reviews the remuneration of the Non-Executive Directors annually to ensure that the compensation received, which is fixed in nature, reflects the amount of effort, time and the importance of the roles and responsibilities borne by each Non-Executive Director.

The Company does not have 'claw back' provisions in the employment contracts with the Executive Directors and key management personnel. A major component of the remuneration structure for this group of personnel is fixed (see disclosure in **The Annual Remuneration Report**). We believe this reduces the likelihood of financial misconduct or excessive risk taking in pursuit of extraordinary financial gain.

Disclosure on Remuneration

The remuneration package of the Directors (both Executive and Independent) and the top five key executives (who are not Directors or the CEO) for the financial year ended 31 March 2014 is presented in the table below:

The Annual Remuneration Report

Name of Personnel	Fixed Salary including CPF	Performance related income	Other Benefits	Directors Fee	Total
Range of remuneration below S\$250,000					
<i>Executive Director</i>					
TSANG Kwan Lung	92%	8%	0%	0%	100%
<i>Independent Non Executive Director</i>					
CHOY Kam Wing, Allan	0%	0%	0%	100%	100%
GOH Boon Seong	0%	0%	0%	100%	100%
LIM Jiew Keng	0%	0%	0%	100%	100%
Range of remuneration S\$250,001 to S\$500,000					
<i>Executive Director</i>					
HUI Wing Sun	98%	2%	0%	0%	100%
Richard KU Yuk Hing	100%	0%	0%	0%	100%
Henry LEUNG Kwong Hang	86%	0%	14%	0%	100%
Brian WONG Tze Hang	77%	3%	20%	0%	100%
<i>Key Executive</i>					
Parklin HO Pak Lin	66%	5%	29%	0%	100%
HUANG Xiao Yun	32%	68%	0%	0%	100%
Allen MOK Chi Fai	90%	8%	2%	0%	100%
Vincent ZHU Xiang Kui	32%	68%	0%	0%	100%
Range of remuneration S\$500,001 to S\$750,000					
<i>Executive Director</i>					
Andrew NG Sung On (deceased on 17 April 2014)	81%	19%	0%	0%	100%
<i>Key Executive</i>					
William WANG Jian Hao	23%	77%	0%	0%	100%

Total remuneration for the Directors and the top five key executives for the year ended 31 March 2014 amount to S\$2,450,410 and S\$2,182,410 respectively.

The Company believes that the disclosure in bands of S\$250,000 provides sufficient overview of the remuneration of the Directors.

No employee of the Company and its subsidiaries was an immediate family member of a Director and CEO whose remuneration exceeded S\$50,000 during the financial year ended 31 March 2014. "Immediate family" is defined in the context of the Director as his/ her spouse, child, adopted child, step-child, sibling and parent.

(C) ACCOUNTABILITY AND AUDIT

Accountability

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price sensitive public reports, and reports to regulators (if required).

The Management is accountable to the Board and prepares accurate, informative and understandable business operations and financial reports which are furnished to the Board monthly. Board members review these management reports that contain analysis and explanations of variances against budget to understand the Group's financial and operational performance and prospects.

On a day-to-day basis, Management reviews the regulatory and compliance requirements and are responsible for ensuring proper adherence to rules and regulations.

Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board sets the tone and direction for the Company in the way that it expects risks to be managed. The Board has ultimate responsibility for approving the business strategy of the Company in a manner which addresses stakeholders' expectations and does not expose the Company to an unacceptable level of risk.

The Company has in place a Risk Governance and Internal Control Manual. This sets out the risk governance responsibilities and the accountability, and oversight for risk management activities which mitigate the occurrence and exposure to significant risks that would impede the achievement of business objectives. To supplement the Risk Governance and Internal Control Manual, the Board has established an Enterprise Risk Management ("ERM") framework and program. The ERM framework and program are managed by the Company's senior management team with the assistance and co-ordination of a centralised risk management function. This ERM framework and program ensure that proper risk management is embedded in the Company's business activities and that a positive risk culture and robust risk management process are in place and consistently applied. This provides oversight on risks relating to strategy, operations, finance, technology and compliance. The risk management strategy, policies and outputs of the risk management process are approved and presented regularly to the AC.

Risk Committee

The Company does not have a separate Risk Committee; however the Board has delegated to the AC to assist it in fulfilling its responsibility for risk governance and oversight of the ERM framework and program. The members of the AC are listed in Principle 12 below. The AC is independent from Management.

The Board has approved an ERM Framework and Program for the identification of key risks within the business which is aligned with the ISO 31000:2009 Risk Management framework and the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Controls Integrated Framework.

Roles and Responsibilities of the AC

As part of the responsibilities of the AC's oversight for risk management, the AC:

- proposes the risk governance approach and risk policies for the Company to the Board;
- reviews the risk management methodology adopted by the Company;
- reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Company identified by Management;
- reviews Management's assessment of risks and Management's action plans to mitigate such risks;
- proposes risk appetite and tolerance limits to the Board;

Roles and Responsibilities of the AC (cont'd)

- reviews reports of any material breaches of risk limits;
- reviews the Company's procedures for detecting fraud including the whistle blowing policy and ensures appropriate follow up actions;
- reports to the Board on matters, findings and recommendations relating to risk management; and
- reviews the adequacy and effectiveness of the Company's risk management systems.

The Chief Risk Officer is Mr Henry Leung Kwong Hang, who is also the Chief Operating Officer. The Chief Risk Officer is the custodian of the risk management programme and reports on risk management matters to the AC. The AC reviews the adequacy of the ERM Framework and Program through dialogue sessions with the Chief Risk Officer to understand the process to identify, assess, manage and monitor risks. Additionally, there is a risk management annual program which charts out the objectives and outputs of the ERM program and this also caters for a frequent review of the effectiveness of the ERM process.

The Chief Risk Officer presents annual reports to the AC and the Board on the Group's risk profile, the status of risk mitigation action plans and updates on the following areas:

- assessment of the key risks by major business units and risk categories;
- identification of specific 'risk owners' responsible for the risks identified;
- description of the processes to identify and assess risks to the business;
- status and changes in plans undertaken by Management to manage key risks; and
- description of the risk monitoring and escalation processes and also systems in place.

Risk Appetite and Tolerance Limits

The Board has reviewed the risk appetite and tolerance limits proposed by Management for the key risks pertinent to the business strategy as well as the significant risks identified through the ERM process covering the operational, financial, technology and compliance aspects.

In order to monitor conformance with risk appetite and tolerance limits, the risk owners and co-ordinators are to track risk indicators. Where risk limits are breached, these are highlighted to the Chief Risk Officer who is tasked to oversee the necessary risk treatments and to report any significant risk incidents or breaches of limits for key risks to the AC on a timely basis.

Based on the above, the AC concluded that the Company's ERM Framework and Program are adequate. Management has appropriately defined and the AC, together with the Board has approved the risk tolerance and appetite limits of the Company.

Management's Responsibility in Risk Management

Management is responsible for designing, implementing and monitoring the ERM Framework and Program and internal control systems in accordance with the policies on risks and internal controls.

As part of Management's efforts in promoting a "risk-aware" culture, risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle conducted at the beginning of each financial year. Having identified the risks arising from strategic business objectives, each business unit is required to document the mitigating actions to manage the risk. New areas are introduced for assessment as the business risk profile changes. Information such as the types of risks, the controls and processes for managing risks is subsequently summarised in a risk heat map, which is reviewed by Management, Internal Audit and the AC.

Management also conducts annual risk management training and a risk forum to heighten risk awareness for staff. Management is responsible for day-to-day monitoring of these risks and highlighting significant events arising thereon to the Board via the Chief Risk Officer.

Annual Review of Adequacy and Effectiveness of Risk Management and Internal Control Systems

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

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

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

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

Pursuant to this, the Board has obtained a Declaration Of Compliance from the CEO, COO, CFO and key Senior Management:

- a) 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;
- b) regarding the effectiveness of the Group's risk management systems; and
- c) that there has been full conformance with the risk governance activities and responsibilities stated in the Company's Risk Governance and Internal Control Manual.

Opinion on Adequacy of the Group's Internal Controls

Based on the existing risk governance practices and evaluation of the adequacy and effectiveness of internal control, the work performed by the internal and external auditors and in-house reviews conducted by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Company's internal controls over operational, financial, compliance and information technology risks are adequate as at 31 March 2014.

Audit Committee

The AC comprises the following three Independent and Non Executive Directors:

Mr Lim Jiew Keng (Chairman)
Mr Allan Choy Kam Wing (Member)
Mr Goh Boon Seong (Member)

The AC is responsible for assisting the Board in discharging its statutory and other responsibilities relating to internal control, risk management, financial, accounting matters and matters pertaining to regulatory compliance.

Audit Committee (cont'd)

The Board is of the view that all members of the AC are appropriately qualified to discharge their responsibilities. The AC Chairman has strong financial management background and experience while the other committee members possess extensive experience and knowledge relating to manufacturing, marketing and distribution.

During the year, Management, External Auditors and the Company Secretary have arranged for briefings to the AC to address topics such as financial reporting, changes to accounting standards, changes to the company's act, updates to the Code of Corporate Governance, Listing Rule changes and any other relevant updates which require the attention of the AC.

Roles and Responsibilities of the AC

The AC has a formal Terms of Reference endorsed by the Board. This sets out their duties and responsibilities. The Board delegates the authority to the AC to investigate any matters within its Terms of Reference. The AC has full and unrestricted access to, and the cooperation of Management. The AC also has the full discretion to invite any Director or executive of the Group to attend the AC meetings. The AC has adequate resources to enable it to discharge its functions properly.

The AC met four times during the financial year and performed its functions and responsibilities set out in its Terms of Reference, which include:

- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- reviewing the adequacy of the Group's internal controls, including financial, operational, compliance and information technology controls at least annually;
- reviewing the adequacy of the risk governance and risk management initiatives taken to support the achievement of the business strategies and the adequacy of the internal control and risk management framework to manage and mitigate the relevant risks;
- reviewing the adequacy and effectiveness of the Group's in-house internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures including the adequacy of management responses and action plans to address internal control weaknesses highlighted;
- reviewing the scope, approach and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- reviewing the external auditor's audit plan, audit report and the external auditor's evaluation of the system of internal accounting controls with the external auditor, as well as the assistance given by Management to the external auditor;
- reviewing the nature and extent of the external auditor's non-audit services to the Group as well as the extent of reliance placed by the external auditor on the internal auditor's work, seeking to balance the maintenance of objectivity and value for money;
- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing effectiveness of arrangements by which employees may, in confidence, raise concerns about possible business or financial improprieties or other matters; and
- reviewing the quarterly, half-yearly and full-year financial reports of the Group, prior to their submission to the Board.

Roles and Responsibilities of the AC (cont'd)

The AC meetings held across the financial year are attended by the COO, Head of Finance, Director of Internal Audit and the external auditors. Where representation from Management is required, this is extended via invitation. The AC also meets the external and internal auditors separately where required, to:

- Obtain feedback on the competency and adequacy of the finance function;
- Enquire into the root causes for any major audit adjustments and internal control issues; and
- Inquire if there are any material weaknesses or control deficiencies over the Group's financial reporting process and the corresponding effect on the financial statements.

The AC assesses the independence of the external auditors annually and reviews the non-audit services provided by the external auditors. The aggregate fees paid to the external auditors for the financial year ended 31 March 2014 were:

	S\$'000
Audit fees	1,042
Non-audit fees	214
Total fees	<u>1,256</u>

Based on the review of the non-audit services rendered by the external auditors for the financial year ended 31 March 2014 and the fees paid, the AC is satisfied that the independence of the external auditors has not been impaired.

The AC and the Board are also satisfied that suitable external auditors were appointed for the Company, its Singapore-incorporated subsidiaries as well as its significant foreign-incorporated subsidiaries and associated companies. Accordingly, the Company complies with Rules 712, 715 and 716 of the Listing Manual of SGX-ST.

The Group is committed to maintaining a high standard of ethics and has zero tolerance for fraud. The Group has a whistle blowing policy in place which encourages the reporting of matters of fraud, corruption or dishonest and unethical practices. The whistle blowing policy is communicated to all staff and covered during staff trainings.

The Group undertakes to investigate complaints or allegations of fraud and unethical behaviour objectively. The AC has endorsed the whistle blowing arrangement for all employees to raise such concerns in confidence. This ensures independent investigation of matters reported and to allow appropriate actions to be taken. All such investigations are undertaken by the Internal Audit department or by external professionals (if necessary) and results are reported directly to the Chairman of the AC.

None of the members nor the Chairman of the Audit Committee are former Partners or Directors of the Group's external audit firm.

Internal Audit Department ("IAD")

The Group's internal audit function is performed by an in-house Internal Audit Department ("IAD"). The IAD is independent of Management and is headed by a Director of Internal Audit.

The Director of Internal Audit has a direct and primary reporting line to the AC Chairman, with administrative reporting to an Executive Director/ General Manager.

The appointment, assessment and compensation of the Director of Internal Audit is approved by the AC. The IAD assists the Board by serving as an assurance function in monitoring the adequacy and effectiveness of internal controls and risk management activities of the Group through the reviews of business and financial operations performed Group-wide, as part of the approved annual Internal Audit Plan.

The IAD comprises five qualified professional staff who undergo regular training and skills development programs to ensure that technical knowledges are maintained. The Head of IAD reports to the AC on the nature and frequency of training and seminars attended by the IAD to enhance skill sets in specialised areas and professional Internal Auditing standards.

Internal Audit Department ("IAD") (cont'd)

The IAD adopts the International Standards for the Professional Practice of Internal Auditing ("IPPF") laid down by the Institute of Internal Auditors. The attribute and performance standards of the IPPF are applied throughout the work that the IAD performs.

The Charter of the IAD ensures full and unrestricted access to all documents, records, assets and personnel of the Group.

During the year, the IAD considered the following components of internal control:

1. **Control Environment:** The nature of the Group's Control Environment has a pervasive effect on IAD's assessment of risks. IAD assessed the design of the Control Environment to determine the strength of the foundation for all other components of internal control and made appropriate recommendations for improvement. IAD has considered the following elements (which have a pervasive effect) and how they have been incorporated into the Group's processes:
 - Communication and enforcement of integrity and ethical values
 - Commitment to competence
 - Participation by those charged with governance
 - Management's philosophy and operating style
 - Organisational structure
 - Assignment of authority and responsibility
 - Human resource policies and practices
2. **Risk Assessment:** IAD reviewed the risk profile of the Group's various operations, including their impact and likelihood. The relevant risks were thereafter considered in the internal audit scope and annual internal audit plan.
3. **Control Activities, Information and Communication:** IAD evaluated the effectiveness and adequacy of processes, in particular, the adequacy of internal controls over authorization, information processing, physical controls, segregation of duties and performance reviews. IAD has also obtained an understanding of how the Group has responded to risks arising from IT and assessed the adequacy of automated application controls.
4. **Monitoring Activities:** IAD evaluated the appropriateness of the monitoring activities over internal control, specifically considering monitoring activities pertinent to the Group's processes, people and systems.

The AC approves the annual internal audit plan and budget. The AC also ensures the adequacy of internal audit resources to perform its function annually. The annual internal audit plan and scope cover the operational and financial functions within the Group. Associates and joint ventures are subject to internal audit review regularly.

During the year, the IAD conducted its audit reviews in accordance with the approved annual internal audit plan. The IAD reports its findings on a quarterly basis to the AC, as well as recommendations to management who would respond on the actions to be taken on any control weaknesses identified. The IAD also reports on the status of the audit plan and provides an update of actions taken by management to address prior findings to the AC.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

The Company is committed to providing shareholders with adequate, timely and sufficient information which could have a material impact on the share price or value.

The Company communicates with shareholders regularly and addresses any queries that they may have. All shareholders are provided a copy of the Annual Report and a notice of the Annual General Meeting ("AGM").

The Company encourages shareholder participation during the AGM which is held at a central location in Singapore. Shareholders are able to proactively engage the full Board and external auditors on the financial and business related matters. The Company Secretary prepares minutes of shareholder's meetings incorporating substantive queries from shareholders and responses from the Board. Such minutes are available to Shareholders upon their requests.

Communication with Shareholders

The Company believes it is important to maintain a high standard of public disclosure. And therefore, the Company is committed to regular, effective and fair communication with shareholders.

The Company monitors the dissemination of material information to make sure that it is made publicly on a timely and non-selective basis. All results announcements including price sensitive information are released via SGXNET within the mandatory period. These results announcements, material information and other press releases are also available on the Company's website www.gpbatteries.com.sg.

The Code of Corporate Governance encourages the avoidance of selective disclosure to certain groups of individuals or companies. Accordingly, the Company does not practise selective disclosure.

The Company maintains a line of communication with shareholders through its website www.gpbatteries.com.sg and the Company also encourages correspondence through its website or corporate mailing address.

Shareholders are invited to attend all General Meetings which include the Annual General Meeting and any Extraordinary General Meetings (advertisements of these meetings are taken up in the newspapers and shareholders received a notification of this meeting as well as the Annual Report). At these meetings, shareholders are accorded the opportunity to raise relevant questions and to communicate their views at the meetings. The Board, Senior Management team, Company Secretary and the External Auditors are present at these meetings to respond to any shareholder or investor queries.

Dividend Policy

The Company does not have a dividend policy. Dividends are declared based on the financial performance of the Company, the consideration of future business plans and the position of retained earnings.

Conduct of Shareholder Meetings

The Company believes in encouraging the participation of shareholders at the General Meetings and shareholders are provided with the opportunity to query the Board and the External Auditors as well as other relevant representatives at these meetings relating to matters that are pertinent to the Company.

A shareholder who is entitled to attend such General Meetings and vote, may either vote in person or appoint proxies to vote on his/her behalf. The Company plans to introduce a system of voting electronically by poll.

Each resolution item is included in the notice of the meeting. This is accompanied by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

At each Annual General Meeting, the Chairman of the Board presents the progress and performance of the Company and encourages shareholders to participate in the Question and Answer session. The External Auditor is present to address shareholders' queries relating to the audit and the audited financial report.

Conduct of Shareholder Meetings (cont'd)

The Chairpersons of the Audit, Nominating and Remuneration Committees, or members of the respective Committees are present at each General Meeting to address shareholders' queries. Appropriate members of the senior management team are also present at General Meetings to address any relevant shareholder queries.

Minutes of the discussions at the General Meetings will be made available to the shareholders upon request.

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST and save as disclosed under the section on Interested Person Transactions below, the Company confirms that there were no material contracts entered into by the Company and its subsidiary companies involving the interests of the CEO, Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested person and has set out the procedures for review and approval of the Company's interested person transactions. The Company's disclosure in accordance with Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the financial year ended 31 March 2014 is as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	2014 S\$'000	2013 S\$'000
Gold Peak Industries (Holdings) Limited & its subsidiaries		
Rental deposits	413	419
Rental & other expenses	1,496	1,503

The Company does not have a mandate on interested person transactions.

DEALINGS IN SECURITIES

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

Directors and officers are prohibited from dealing in the Company's securities whilst in possession of unpublished price sensitive information and for the period of two weeks before the announcement of the Company's first three quarters' results, and one month before the announcement of the Company's full year results.

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

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

USE OF PROCEEDS

As announced on 27 March 2014, the utilisations of net proceeds of approximately S\$26.2 million from the renounceable non-underwritten rights issue ("Rights Issue Proceeds") are as follows:-

- (a) S\$20.5 million, representing approximately 78.2% of the Rights Issue Proceeds, has been utilised for the repayment of bank borrowings, of which:
 - (i) S\$12.5 million have been utilised for the partial repayment of a S\$60 million three (3)-year syndicated term loan facility entered into by the Company with DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited on 14 March 2012 and maturing in March 2015 (the "S\$60 Million Syndicated Loan"), comprising (I) the utilisation of S\$4.5 million for the repayment of the principal (without interest) instalment due on 27 March 2014 under the S\$60 Million Syndicated Loan and (II) the utilisation of S\$8.0 million for the prepayment of the S\$60 Million Syndicated Loan; and
 - (ii) S\$8.0 million have been utilised for the partial repayment of outstanding unsecured short term revolving credit facilities obtained by the Company as at 27 March 2014.
- (b) S\$5.6 million, representing approximately 21.4% of the Rights Issue Proceeds, has been utilised in the form of an advance made to GPI International Limited, a wholly-owned operating subsidiary of the Company and the marketing arm of the Group (comprising the Company and its subsidiaries), to be used for its working capital purposes such as settlement of trade payables as well as investment in brand building and distribution network.
- (c) S\$0.1 million, representing approximately 0.4% of the Rights Issue Proceeds, were utilised by the Company for its operating expenses in respect of its Singapore office.

The above utilisations of the Rights Issue Proceeds were in accordance with the intended utilisation of the Rights Issue Proceeds and the percentage allocated, as previously stated in the announcement released on 23 December 2013 and the Offer Information Statement dated 17 February 2014.