



STAMFORD TYRES CORPORATION LIMITED

ANNUAL REPORT 2020



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CORPORATE INFORMATION

Established in the 1930s with over 80 years of existence, Stamford Tyres has grown from a small tyre shop to a global distributor of tyres and wheels spanning over 90 countries and with our own wheel factory. In the course of our progress, the company weathered and overcame cyclical business fluctuations, the Asian Financial Crisis of the 90's and the Global Financial Crisis of the millennium.

Our expertise lies in our international distribution competence, which we have expanded throughout the world. We also have regional retail operations as well as truck and off-the-road tyre management services. We have further expanded our capabilities in the manufacturing of alloy wheels and proprietary tyre brands contract manufacturing.

The Group's international distribution network currently spans across 9 countries in Asia Pacific, Africa and Australia. Our main business activities are in the distribution of major international tyre brands – Falken, Dunlop, Continental and Maxam. We have also strengthened our product development capabilities and introduced innovative proprietary brands, Sumo Firenza tyres, Sumo Tire and SSW wheels, which are sold globally.

We operate the most extensive retail network in Singapore and Malaysia. Through our Mega Mart and Tyre Mart outlets, we offer a comprehensive range of products that include tyres, wheels, batteries and auto accessories. We also offer workshop and tyre services.

Stamford Tyres was listed on the Second Board of Singapore Stock Exchange (then known as SGX-Sesdaq) in 1991, and was upgraded to the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST) in April 2003. Today, Stamford Tyres is one of the largest independent tyres and wheels distributor in South East Asia.

BOARD OF DIRECTORS

President

Wee Kok Wah

Executive Directors

Mrs Dawn Wee Wai Ying

Dr Wee Li Ann

Non-Executive & Independent Chairman

Sam Chong Keen

Independent Directors

Leslie Mah Kim Loong

Kazumichi Mandai

AUDIT COMMITTEE

Chairman

Leslie Mah Kim Loong

Members

Sam Chong Keen

Kazumichi Mandai

REMUNERATION COMMITTEE

Chairman

Sam Chong Keen

Members

Leslie Mah Kim Loong

Kazumichi Mandai

NOMINATING COMMITTEE

Chairman

Sam Chong Keen

Members

Wee Kok Wah

Leslie Mah Kim Loong

COMPANY SECRETARIES

Lo Swee Oi

Michelle Fiona Heng

REGISTERED OFFICE

19 Lok Yang Way

Singapore 628635

Telephone: (65) 6268 3111

Facsimile: (65) 6264 4708 /

(65) 6264 0148

Email: stcl@stamfordtyres.com

Website: www.stamfordtyres.com

SHARE REGISTRAR

Boardroom Corporate &

Advisory Services Pte Ltd

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

AUDITOR

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Audit Partner: Lim Tze Yuen

(since the financial year ended

30 April 2020)

PRINCIPAL BANKERS

Malayan Banking Berhad

United Overseas Bank Limited

Bangkok Bank Public Company

Limited

TMB Bank Public Company

Limited

Kasikornbank Public Company

Limited

The Hong Kong and Shanghai

Banking Corporation Limited



LETTER TO SHAREHOLDERS

Dear Shareholders,

Financial year 2020 continued to be a challenging year for the Group. The South East Asian markets continued to undergo consolidation due to the implementation of the ASEAN-China Free Trade Agreement, which lowered tariffs for China-made products, including tyres. This further intensified open market competition and oversupply in South East Asia, which made up 87% of the Group's tyres and wheels distribution businesses.

Commitment to the Group's strategies

The Group remains committed to its main strategy of brand and product diversification. The Group have added and continuously adjusted its tyre brands offerings in response to market demand changes. The Group has managed to build up a portfolio of budget tyre brand offerings into its key markets, making up almost one-third of its total revenue.

The Group remains committed to providing timely response to the market and customers' needs. These include taking on opportunities to value-add to our customers' needs by expanding our Stamford Tyres Mart retail chain to better reach-out to our customers and expanding our automotive technical services for our commercial and fleet customers.

In addition to the above, the Group remained focus on its financial strategies of current assets

rationalization and operating costs containment to right-size its operations. This has resulted in the Group generating positive operating cash flows and the lowering of operating costs during the financial year. Together with the support from our key banking partners, these enabled the Group to build-up sufficient cash reserves to ride through the foreseeable financial challenges in the coming months.

Financial strength

Despite the challenging operating environment, the balance sheet of the Group remained strong. As a result of the Group's assets rationalization activities, positive operating cash flows of S\$7.4 million were generated during the financial year. The cash and cash equivalents holdings of the Group as at 30 April 2020 were S\$25.7 million. The Group maintained net gearing below 0.65 times.

Outlook

The Covid-19 pandemic was officially declared in March 2020, leading to the implementation of severe social mobility restrictions by local authorities almost everywhere, including Singapore. This has had an adverse economic impact in our key markets.

As mentioned above, the Group had immediately taken steps to reduce operating costs, looked into ways of achieving higher operational cost-savings and to conserve cash. In addition to the cost-saving measures undertaken, the Board of Directors and senior management took a voluntary 20% pay cut and managerial staff took a voluntary 10% pay cut.

In response to the challenging operating environment, the Group will continue to broaden its product line-up and seek new value-adding opportunities such as commercial fleet servicing. In Indonesia, the Group will continue to look for ways to expand upon its supply of specialized and high-value tyres for mining application as well as value-added services such as off-the-road tyre repair, vehicle inspection services and management of the supply chain for tyres.

Dividends

Despite the challenging year, the Board of Directors has proposed a dividend of 0.5 cent per share (FY2019: 1 cent per share) subject to shareholders' approval at the upcoming Annual General Meeting.

Appreciation

I am grateful to our customers, suppliers, bankers and business associates for their support and confidence in us. I would also like to thank our management and staff for their hard work and dedication. Last but not least, I would like to thank our shareholders for their constant support throughout this challenging period.

I would also like to thank the Board of Directors for their counsel and special thanks to Mr Tay Puan Siong and Mr Goh Chee Wee, who stepped down from the Board with effect from 2 September 2019. I am grateful to both Mr Tay and Mr Goh for their many years of distinguished service and wise counsel.

Stay safe.



WEE KOK WAH
President

“Despite the challenging operating environment, the balance sheet of the Group remained strong. As a result of the Group’s assets rationalization activities, positive operating cash flows of S\$7.4 million were generated during the financial year”.



BOARD OF DIRECTORS



Sam Chong Keen
*Non-Executive & Independent
Chairman*

Following his invaluable contributions while on the Board when Comfort Group Limited was a substantial shareholder, Mr Sam was appointed as an Independent Director of Stamford Tyres Corporation Limited in 1994. On 23 August 2012, Mr Sam was appointed as Non-Executive Chairman of Stamford Tyres Corporation Limited. Mr Sam is also Chairman of the Remuneration Committee and Nominating Committee and sits on the Board's Audit Committee. He has a wealth of management experience, having worked at senior positions in the Singapore Government Administrative Service, National Trade Union Congress (NTUC) and Intraco Limited as well as CEO positions at Comfort Group Limited, VICOM Limited, Lion Asiapac Limited, Lion Teck Chiang Limited, A-Smart Holdings Limited and Jade Technologies Holdings Limited. He was also the Political Secretary to the Minister for Education from 1988 to 1991. He served on various government boards and committees, including the Central Provident Fund Board and the National Co-operative Federation. Mr Sam is also the Non-Executive Chairman of Lion Asiapac Limited and sits on the Board of A-Smart Holdings Limited as an Independent Director.

Mr Sam holds a Bachelor of Arts (Honours) from the University of Oxford.

Mr Wee has propelled Stamford Tyres forward as its CEO since the 1970s after taking over the helm from his father, who had founded the first Stamford Tyres entity in the 1930s as a petrol pump service station and tyre retail shop. Using his stellar business acumen and relentless passion, Mr Wee went on to steer Stamford Tyres to a public listing in 1991, and steadily expanded its business into what it is today – an international operation in the distribution and retailing of tyres and wheels, and manufacturing of wheels. His passion for, and in-depth knowledge of, the tyre business inspire his team to achieve – and have gained him international recognition in the industry. Highly regarded in the tyre industry and the business world, he was selected as a finalist for the Ernst & Young Entrepreneur of the Year award (under the category of Services and Business products) in 2004, one of the most prestigious awards for entrepreneurs. Mr Wee is a member of the Nominating Committee.

Mr Wee holds a Bachelor of Social Science in Economics and Law from the then University of Singapore (now known as National University of Singapore).



Wee Kok Wah
President

Mrs Dawn Wee Wai Ying, the spouse of Mr Wee Kok Wah and his supportive business partner, has been a Director of the Stamford Tyres Group since 1982 playing a key role in the Group's operations. Recognised as a thought leader, she cross leads functional teams and currently oversees the Group's support functions. Prior to joining Stamford Tyres, she worked as an officer in a major local bank for eight years.

Mrs Wee holds a Bachelor of Social Science (Honours) in Economics from the University of Singapore.



Mrs Dawn Wee Wai Ying
Executive Director

BOARD OF DIRECTORS



Leslie Mah Kim Loong
Independent Director

Mr Leslie Mah was appointed as an Independent Director of Stamford Tyres Corporation Limited on 1 December 2012. He chairs the Audit Committee and is a member of the Remuneration Committee and Nominating Committee. Mr Mah served as the Executive Director of Eu Yan Sang International Limited prior to his retirement in 2009. He was Company Secretary and Executive Director of Cerebos Pacific Limited from 1986 to 2001. Prior to Cerebos, he served as Finance Director of Harpers Gilfillan for 10 years. Mr Mah was an Independent Director of Falcon Energy Group Limited and Goodpack Limited. He is currently a Non-Executive Independent Director of Hotel Properties Limited and Lam Soon (M) Bhd. He is a Lifetime Member of the Institute of Singapore Chartered Accountants.

Mr Kazumichi Mandai was appointed as an Independent Director of Stamford Tyres Corporation Limited on 1 December 2012 and is a member of the Audit Committee and Remuneration Committee. Mr Mandai started his career with Sumitomo Rubber Industries Limited (SRI) in 1974 after graduating from Kobe City University of Foreign Studies. In 2002, he was appointed as Managing Director of Sumitomo Rubber Asia (Tyre) Private Limited, Singapore, a position he held until 2007. From 2007 to 2008, Mr Mandai served as Sales Director of SRI Tire Trading Co., Tokyo. During that year, Mr Mandai completed a MBA course under SRI's Internal Curriculum run by Globis Management Institute, Tokyo. In 2009, Mr Mandai was appointed as President of Sumitomo Rubber Latin America LTDA, Chile. He held this position until he reached his maximum age for retirement from Sumitomo Rubber Industries Limited in 2011.



Kazumichi Mandai
Independent Director



Dr Wee Li Ann
Executive Director

Dr Wee Li Ann, the eldest of Mr and Mrs Wee Kok Wah's three children, was appointed a Non-Executive Director of Stamford Tyres Corporation Limited in December 2009 and took on an executive role in the Company on 1 September 2018. She worked for Parkway Group Healthcare from 2003-2007 as a Family Physician and previously worked as a Broadcast Correspondent for Singapore Press Holdings from 2000-2003. She worked in healthcare management at Parkway Pantai Group from 2012-2015. She is a family physician in private practice. She is also a Director of Wah Holdings Pte Ltd, a substantial shareholder of the Company, where she manages the portfolio and she also serves on the Board of Jane Goodall Institute of Singapore since 2020.

Dr Wee graduated from Harvard's Kennedy School of Government with a Master of Public Administration. She holds a medical degree from Cambridge University and Bachelor of Arts from Johns Hopkins University.

MANAGEMENT TEAM



Cham Soon Kian

Executive Vice President and Chief Operating Officer

Soon Kian joined Stamford Tyres in 1991 as a management trainee. The following year, he was assigned to Malaysia to head the Malaysian operations. Under his leadership, the Malaysian operations grew to become an integrated set-up with value-added services including retail, fleet tyre management and retread facilities. Soon Kian was promoted to Senior Vice President in 2006 and rose to the position of Executive Vice President in 2014 and is in charge of Group's operations. In addition, he is also the current Head of Singapore Operations.

Soon Kian is an ASEAN scholar and graduated with a Bachelor of Accountancy degree from the National University of Singapore. He is also an active member of the Selangor and Federal Territory Tyre Dealers and Retreaders Association.

Clare Law Lay Kian

Senior Vice President, Head of Supply Chain

Clare joined Stamford Tyres in 1994. She was appointed Senior Vice President in 2006 and is in charge of the Group's supply chain management system and operations in Hong Kong, Vietnam and China. With more than 20 years of experience in purchasing, Clare is also responsible for the Group's collaboration with major suppliers and contract manufacturers.

Clare holds a Bachelor of Business Degree in Transport from the Royal Melbourne Institute of Technology, Australia.



Conson Tiu Sia

Senior Vice President, CEO of Malaysia

Conson began his career with Stamford Tyres in 1993, heading the Group's operation in the Philippines. He was the Group Chief Financial Officer from 2001 to 2013. In 2013, he began overseeing development of the Group's South Africa operations until 2019. He is currently overseeing the Group's operations in Malaysia, Indonesia and South Africa.

Conson holds a Bachelor of Science in Commerce from the University of Santo Tomas, Philippines and is a Certified Public Accountant.

MANAGEMENT TEAM

Colin Choo Nee Ann

Senior Vice President, Head of Thailand Operations

Colin joined Stamford Tyres in 2002 and was appointed as General Manager of Stamford Tyres Distributor Co. Ltd in 2005. He was promoted to Senior Vice President in April 2014, overseeing all the divisions of Stamford Tyres Distributor Co. Ltd and Stamford Sport Wheels Co. Ltd, which are our subsidiaries in Thailand.

Colin graduated from the International Islamic University with a Bachelor of Accounting (BACC) in 1994. The following year, he was awarded Association of Chartered Certified Accounts (ACCA). With his vast experience as an accountant, he was made a Member of The Malaysian Institute of Accountants (MIA). In 1998, Colin obtained The Malaysian Institute of Certified Public Accountants (MICPA).



Frank Ng Tse Lim

Group Financial Controller

Frank joined the Stamford Tyres Group as Finance Manager in September 2008. In 2013, he was elevated to the position of Group Financial Controller. He is currently responsible for the Group's financial operations which include compliance with accounting and regulatory standards, and corporate governance. He plays a critical role in ensuring the smooth operation of the Group's risk and management framework which covers finance, operations, statutory compliance and information technology.

Frank holds a Bachelor of Business, Double Major in Accounting and Information Technology (University of Technology, Sydney, Australia) and is also a Certified Public Accountant since 2005.

MANAGEMENT CONSULTANT

Patrick James Berriman

Management Consultant

Pat is a veteran in the Australia tyre industry and joined the Group as Senior Vice President of Sales and Marketing in 2005. In May 2016, he relinquished his position as Senior Vice-President. He currently serves as Management Consultant to the Group, mainly overseeing and supervising its operations in Australia, as well as any other Group-related projects assigned by the President. Before joining Stamford Tyres, Pat was the General Manager (Supply Chain) of South Pacific Tyres. He has extensive experience in all aspects of the global tyre and automotive industry.



BUSINESS UNIT HEADS



Ivan Reijan Rajoo
Head of Fleet & Retail
Stamford Tyres International
Pte Ltd, Singapore



Larry Lee Hsin Miao
*Head of International
Distribution*
Stamford Tyres International
Pte Ltd, Singapore



Wong Siew Peng
Head of Wholesale
Stamford Tyres International
Pte Ltd, Singapore



Erwin Chua
General Manager
PT Stamford Tyres Distributor
Indonesia, Indonesia



Kasem Burejittinun
General Manager
Stamford Tires Distributor Co
Ltd, Thailand



Gladys Barrios
Deputy General Manager
Stamford Sport Wheels
Co Ltd, Thailand



Chng Lee Lee
*Head of Finance and
Operations*
Stamford Tyres (M) Sdn Bhd,
Malaysia



Marius Simpson
General Manager
Stamford Tyres (Africa) (Pty)
Ltd, South Africa



Ng Wee Liong
General Manager
Tyre Pacific (Vietnam) Co Ltd,
Vietnam



Kobe Li Hua
General Manager
Stamford Tyres (Vietnam) Co
Ltd, Vietnam

SENIOR PERSONNEL



Ng Mei Ling
Operations Manager, Fleet
Stamford Tyres International
Pte Ltd, Singapore



Nelson Yap Yen Kuan
Sales Manager Fleet
Stamford Tyres International
Pte Ltd, Singapore



Michael Yiew
Retail Area Manager
Stamford Tyres International
Pte Ltd, Singapore



Roy Lee
Retail Area Manager
Stamford Tyres International
Pte Ltd, Singapore



Johan Bin Taib
Branch Manager
Jurong Retail Centre, Retail
Stamford Tyres International
Pte Ltd, Singapore



Chia Kiang Mun
Senior Sales Manager,
Passenger Car Tyre
Stamford Tyres (M) Sdn Bhd,
Malaysia



Ang Beng Loo
Sales Manager,
Rovelo Brand & Wheels
Stamford Tyres (M) Sdn Bhd,
Malaysia



Chiang Chia Heng
Assistant Sales Manager,
Truck Tyre
Stamford Tyres (M) Sdn Bhd,
Malaysia



Arif Putranto
Branch Manager
PT Stamford Tyres Indonesia,
Timika, Indonesia



Conwil Soh
Branch Manager
PT Stamford Tyres Distributor
Indonesia, Balikpapan,
Indonesia



Benka
National Sales Manager
PT Stamford Tyres Distributor
Indonesia, Indonesia

SENIOR PERSONNEL



Promharit Pornworanit
Sales Manager, Commercial Tyre
Stamford Tyres Distributor Co Ltd, Thailand



Cobus Wagenaar
Johannesburg Regional Sales Manager
Stamford Tyres (Africa) (Pty) Ltd, South Africa



Chris Pretorius
Cape Town Regional Sales Manager
Stamford Tyres (Africa) (Pty) Ltd, South Africa



Dinesh Singh
Falken Brand Manager
Stamford Tyres (Africa) (Pty) Ltd, South Africa



Jason Davey
Senior Sales Manager
Stamford Tyres Australia Pty Ltd, Australia



Liria Zhang Hua Li
Branch Manager
Stamford Tyres (Hong Kong) Limited, Hong Kong



June Er Chui Hoon
OSB Manager
Stamford Tyres Corporation Ltd, Singapore



Tang Kay Kay
Senior Purchasing Manager
Stamford Tyres International Pte Ltd, Singapore



Chan Wei Sze
Marketing and Corporate Communications Manager
Stamford Tyres International Pte Ltd, Singapore

OUR PRODUCTS

OUR PREMIUM BRANDS



Falken is manufactured by Sumitomo Rubber Industries, a leading Japanese designer and manufacturer of tyres. The Falken range has tyres for high performance cars, passenger cars, SUVs, light truck and truck radials. Falken continually introduces new and exciting products and as part of its R&D programme, Sumitomo supports many race and rally teams round the world, outfitting their competition machines with Falken Tyres.

Stamford Tyres distributes Falken in Singapore, Malaysia, Thailand, Indonesia, Brunei, Vietnam, Cambodia, Myanmar, Laos, South Africa, Namibia, Botswana, Lesotho, Eswatini, Hong Kong, India, Bangladesh, Pakistan, Mauritius, Reunion, East Timor, Nepal and New Caledonia.



Continental is a range of top-quality tyres designed and manufactured by the company of the same name headquartered in Hanover, Germany. The Continental range covers radials designed for sports and passenger cars, light truck, truck and bus radials as well as military, agriculture and industrial solid tyres. Continental supplies original equipment (OE) tyres for world-leading cars such as Porsche, BMW, Mercedes Benz and Volkswagen. Their tyres also come installed as OE on commercial vehicles such as DAF, Volvo, MAN and Scania.

Stamford Tyres distributes Continental in Singapore.



Dunlop has been at the forefront of tyre innovations, with over 130 years of tyre industry experience. Today, Dunlop has grown to become one of the world's biggest and most trusted brands. Committed to delivering superior tyres, Dunlop constantly pushes for development of new compounds and technologies through the rigours of two and four-wheeled motorsports. The product range that Dunlop offers include passenger car, SUVs, light truck, truck and bus radial, as well as industrial, agricultural, aircraft and motorcycle tyres. Dunlop supplies OE tyres for popular Japanese and European luxury vehicles such as BMW, Audi, Mercedes, Maserati, Volkswagen, Toyota, Honda, Subaru and Mazda.

Stamford Tyres, through its joint venture Tyre Pacific, distributes Dunlop in Hong Kong, Macau, Vietnam, Cambodia and Laos.



Maxam is a niche tyre manufacturer, specialising in tyres for the construction and mining industries since the mid-1950s. With its HQ in Birmingham, UK, this forms a cost-effective manufacturing base for European design and technical experience. Personnel from Europe are based on site and the factory is equipped with modern, state-of-the-art technology and machinery.

On the product front, Maxam has recently introduced a wide range of industrial and construction tyres for applications such as skid steer, backhoes and forklifts, plus there are more exciting innovations in the pipeline. Maxam have complete range of giant radial off-the-road tyres, for rims up to 57" in diameter.

Stamford Tyres distributes Maxam in South East Asia.

OUR PROPRIETARY BRANDS



Stamford Sport Wheels, or SSW, is our proprietary brand of alloy wheels. Our wheels are designed, manufactured and tested in-house. Our designers have created a line of wheels that offer exciting style, looks and road performance. SSW has models with diameters of 13" to 26" tailored for passenger cars and SUVs. Our wheels are produced in Thailand using the latest low pressure and tilt gravity casting methods and in accordance with internationally recognized quality and safety standards.



Sumo Firenza is our proprietary premium budget range of performance tyres, SUVs, light truck and truck/bus radials. The Sumo Firenza range consists of more than 100 models and the tyres are produced in China, Thailand and Vietnam in factories that have been selected for their consistent quality standards.

Stamford Tyres has a team of engineers and tyre designers who provide technical support and quality assurance for our tyres which are popular in Europe, Middle East, Africa, Latin America, Australia, South Africa and Asia.



Sumo Tire is our line of nylon bias tyres for light truck, truck, agriculture and earthmover applications. The tyres are designed in-house and in accordance with internationally recognised standards.

Sumo Tire is made in Asia and we offer a wide range of sizes and specifications to customers that need tyres for demanding round-the-clock operations at affordable prices.

The tyres are designed for heavy duty industrial application and are well-received internationally.

OUR PRESENCE

SINGAPORE

Stamford Tyres International Pte Limited

19 Lok Yang Way, Jurong,
Singapore 628635
Tel: +65 6268 3111
Fax: +65 6264 0148 / 4708
E-mail: stipl@stamfordtyres.com

MALAYSIA

Stamford Tyres (M) Sdn Bhd

Glenmarie Main Office & Warehouse
16 Jalan Jurunilai U1/20,
Section U1 Hicom Glenmarie
Industrial Park, 40150,
Shah Alam, Selangor, Malaysia
Tel: +60 3 5569 3090
Fax: +60 3 5569 3096
E-mail: enquiry_my@stamfordtyres.com

INDONESIA

PT Stamford Tyres Distributor Indonesia

Jl. Boulevard Raya PA 19,
No. 4-5, Kelapa Gading Permai,
Jakarta Utara, 14240,
Indonesia
Tel: +62 21 450 4388
Fax: +62 21 4587 7123
E-mail: info@stamfordtyresind.co.id

PT Stamford Tyres Indonesia

Jl. Kuala Kuningan, L.I.P. Kuala
Kencana Timika – Papua,
99920, Indonesia
Tel: +62 901 301889,
+62 901 462297
Fax: +62 901 301890
E-mail: contact.support@stamfordtyresind.com

THAILAND

Stamford Tyres Distributor Co, Limited

133/135 Narathiwas
Rachanakharin Road,
Chongnonsi Yannawa,
Bangkok, 10120, Thailand
Tel: +662 678 2355
Fax: +662 678 2351
E-mail: admin@stamfordtyresthailand.com

SOUTH AFRICA

Stamford Tyres (Africa) (Pty) Limited

Cape Town Office

8 Ferrule Avenue,
Montague Gardens,
Milnerton, Cape Town,
South Africa, 7441
Tel: +2721 790 1302
Fax: +2710 001 7339
E-mail: telesales@stamford.co.za

Durban Office

No. 9 Leeukop Road,
Mahogany Ridge,
Pinetown, Durban
South Africa, 3600
Tel: +27 31 700 5942
Fax: +27 31 700 3179

Johannesburg Office

ERF 460, Cnr Horn Street
4 Brine Avenue,
Chloorkop Ext 1, Kempton
Park, Johannesburg, South
Africa 1619
Tel: +2711 393 7124/5
Fax: +2786 514 2816

AUSTRALIA

Stamford Tyres Australia Pty Limited

Unit 1, 1 Dupas Street,
Smithfield,
NSW 2164, Australia
Tel: +61 2 9765 0800
Fax: +61 2 9756 5388
E-mail: australia@stamfordtyres.com

VIETNAM

Stamford Tyres Vietnam Company Limited

4th Floor No. 20/13
Nguyen Truong To Street,
District 4 HCM City, Vietnam
Tel: +84 28 6686 4900
Fax: +84 28 3943 0557

HONG KONG

Stamford Tyres (Hong Kong) Limited

560 Kam Tin Road, Shek Kong,
Yuen Long, New Territories,
Hong Kong
Tel: +852 2406 2381
Fax: +852 2406 7100
Email: general@stctyreshk.com

MANUFACTURING PLANT

THAILAND

Stamford Sport Wheels Company Limited

111/2, 5,8,9 Moo 2,
Highway 340
Suphanburi Road,
Tambon Saiyai Amphur Sainoi,
Nonthaburi, 11150
Thailand
Tel: +662 967 7100
Fax: +662 967 7143
E-mail: sales@stamfordwheels.com

JOINT VENTURE COMPANIES

HONG KONG

Tyre Pacific (HK) Limited

15th Floor, Sandoz Centre
178/182 Texaco Road,
Tsuen Wan, N.T.
Hong Kong, SAR
Tel: +852 2407 8268
Fax: +852 2407 5020

INDIA

Falken Tyre India Private Limited

Unit No 312 (J,K,L,M,N, P & Q)
Centrum Plaza, Golf Course
Road, Sector – 53
Gurgaon – Haryana
122002, India
Tel: +91 0124-4638989
Email: Info@falkentyre.in

STAMFORD TYRES TRUCK CENTRES

SINGAPORE

Truck Centres

Opening Hours:
8:30am – 6:00pm
(Mon – Sat)
*Closed on Sunday and
Public Holidays
E-mail: stfm@stamfordtyres.com

Jurong Truck Centre

21 Lok Yang Way
Singapore 628636
Tel: +65 6268 3112
Fax: +65 6262 1027

Changi Truck Centre

31 Loyang Way
Singapore 508729
Tel: +65 6862 2289
Fax: +65 6542 8078

Woodlands Truck Centre

10 Admiralty St #01-85
North Link Building
Singapore 757695
Tel: +65 6555 3355
Fax: +65 6481 6103

Tuas Truck Centre

110 Tuas South Avenue 3
#01-02/03 The Index,
Singapore, 637369
Tel: +65 6265 7680
Fax: +65 6265 7685

STAMFORD TYRES RETAIL OUTLETS

SINGAPORE

Opening Hours:
9:00am – 7:00pm
(Monday – Saturday)
E-mail: customerservice@stamfordtyres.com

Jurong Mega Mart

19 Lok Yang Way, Jurong
Singapore 628635
Tel: +65 6262 3355
Fax: +65 6262 1494
Opening Hours:
Monday to Saturday
8:30am to 7:00pm

Changi Mega Mart

31 Loyang Way
Singapore 508729
Tel: +65 6542 3355
Fax: +65 6543 1403

East Coast Mega Mart

355 East Coast Road,
Caltex Service Station
Singapore 428972
Tel: +65 6440 3355
Fax: +65 6345 1547

MacPherson Mega Mart

455 MacPherson Road
Singapore 368173
Tel: +65 6841 3355
Fax: +65 6742 8167

**Bukit Merah Mega Mart**

Blk. 1004, Bukit Merah Lane 3,
Unit 01-17 & 01-19
Singapore 159720
Tel: +65 6258 3355

Woodlands Mega Mart

No. 10 Admiralty
Street #01-85
Northlink Building
Singapore 757695
Tel: +65 6555 3355
Fax: +65 6481 6103

Bukit Batok Mega Mart

50 Bukit Batok St.23
#02-19 Midview Building
Singapore 659578
Tel: +65 6261 3355
Fax: +65 6267 8912

Ang Mo Kio Mega Mart

Blk 10 #01-14 Ang Mo Kio
Industry Park 2A
Ang Mo Kio Auto Point
Singapore 568047
Tel: +65 6483 3355
Fax: +65 6481 5370

**Kaki Bukit Synergy
Mega Mart**

23 Kaki Bukit Rd 4
#01-12/13
Singapore 417801
Tel: +65 6702 3355
Fax: +65 6341 6993

Kaki Bukit Mega Mart

Kaki Bukit Industrial Estate
10 Kaki Bukit Road 2,
#01-11/12
First East Centre
Singapore 417868
Tel: +65 6636 3355
Fax: +65 6636 4751

Tampines Mega Mart

Blk 9006 Tampines St 93
#01-196
Singapore 528840
Tel: +65 6286 3355
Fax: +65 6784 4202

**Shell Newton Hooper
Mega Mart**

150 Bukit Timah Road
Singapore 229846
Tel: +65 6475 3355

STAMFORD TYRES IN-HOUSE WORKSHOP SERVICES

**Tan Chong Motor Sales
(Nissan)**

913 Bukit Timah Road
Singapore 589623
*Closed on Sunday and
Public Holidays

**Lion City Rentals @ Carros
Centre**

60 Jln Lam Huat, Level 4,
#04-01 Singapore 728862
*Closed on Sunday and
Public Holidays

STAMFORD TYRES 24-HOUR MOBILE RECOVERY SERVICES

24-hour STAR Vans and
Mobile Truck Recovery Service

Available 24 hours a day,
7 days a week, 365 days
a year

**STAR VANS
Stamford Tyres Auto
Rescue Vans**

Tel: +65 8797 3355

**24-Hour Mobile Truck
Recovery Service**

Tel: +65 8858 3355

STAMFORD TYRES TYRE MART EXPRESS (OVERSEAS)

MALAYSIA

Cheras Tyre Mart
No. 182, Jalan Mahkota,
Taman Maluri Cheras, 55100
Kuala Lumpur, Malaysia
Tel: +60 3 9201 1528
E-mail: enquiry_my
@stamfordtyres.com

Glenmarie Tyre Mart

16 Jalan Jurunilai U1/20
Section U1 Hicom Glenmarie
Industrial Park
40150 Shah Alam,
Selangor, Malaysia
Tel: +60 3 5569 3094
Fax: +60 3 5569 3397
E-mail: enquiry_my@
stamfordtyres.com

Kota Damansara Tyre Mart

No. 55-G, Jalan PJU 5/20,
Tje Strand Kota Damansara,
47810 Selangor D.E., Malaysia
Tel: +60 3 6732 3090

INDONESIA**Kelapa Gading Tyre Mart**

Jl. Boulevard Raya PA 19
No. 4-5 Kelapa Gading Permai
Jakarta 14240, Indonesia
Tel: +62 21 451 5682 / 450 4388
Fax: +62 21 450 4384
E-mail: info@stamfordtyresind.
co.id



From Left to Right: Chye Chew Yong (Asst Purchasing and Marketing Manager, Stamford Tyres), Conson Tiu Sia (Senior Vice President, CEO of Malaysia, Stamford Tyres), Cham Soon Kian (Group Chief Operating Officer, Stamford Tyres), Dawn Wee Wai Ying (Executive Director, Stamford Tyres), Mitsuteru Tanigawa (Director and Managing Executive Officer of Sumitomo Rubber Industries, Asia Pacific Region), Wee Kok Wah (President, Stamford Tyres), Yoshihiro Miyagawa (Managing Director, Sumitomo Rubber Asia (Tyre) Pte Ltd. "SRAT"), Mina Kondo (Sales and Marketing Manager, SRAT), Lee Kok Chiang (Asst Sales and Marketing Manager, SRAT)

FINANCIAL AND OPERATIONS REVIEW

The Group faced a challenging business environment in FY2020. The South East Asia ("SEA") markets have been going through consolidation as the ASEAN-China Free Trade Agreement lowered tariffs on imported tyres from China. This created a more open market environment in the SEA region with increased competition and tyre oversupply.

For the financial year ended 30 April 2020, the Group's revenue was S\$195.7 million compared to S\$229.4 million last year. Revenue derived from the distribution of tyres and wheels accounted for 87% of total revenue and manufacturing of wheels accounted for 13%. By geography, South East Asia continued to be the core market of the Group, accounting for 88% of its revenue.

Demand for major brand tyres that the Group distributes, namely Falken, Dunlop, Continental and Maxam remained strong. Sumo Firenza proprietary brand tyres and SSW proprietary brand wheels continue to enjoy stable demand in Singapore, Malaysia, Indonesia and Thailand. In response to the changing markets, the Group has diversified its topline and sourcing of Sumo Firenza and

Chinese budget tyres, mainly in the truck and commercial tyres segment. The Group remained focused on leveraging on its core strength of delivering timely response to the market and customer needs.

Gross profit for the Group was lower at S\$44.1 million compared to S\$50.0 million in the last financial year. Gross profit margin increased slightly from 21.8% in FY19 to 22.5% in FY20, mainly attributable to value added activities at Stamford Tyre Mart retail chain and truck tyres centres.

In light of the challenging business environment, the Group implemented cost-saving measures during the year to right-size its operations. Operating expenses decreased by 2.2% to S\$51.7 million compared to S\$52.9 million in the last financial year due to lower staff costs, as well as marketing and distribution costs, and lower upkeep and maintenance costs. These were offset by higher expected credit loss allowance on trade receivables.

Higher expected credit loss allowance of trade receivables were made as a result of delayed and non-payment of trade receivables when due from customers as a result of the current Covid-19 pandemic and the various government-imposed lockdowns in our key markets such as Malaysia and Thailand.

The share of results of joint ventures amounted to a net



Car servicing and tyre change at one of our newest Stamford Tyres Mega Marts located at 1004 Bukit Merah Lane 3 #01-17/19, opened in February 2020.

profit of S\$0.4 million, compared to a net profit of S\$0.3 million last year, mainly attributable to improved performance from our Hong Kong joint venture.

The Group's net loss for the year was S\$4.0 million compared to net profit of S\$0.5 million in FY19.

THE GROUP

The distribution network of the Group comprises over 6,000

dealers and distribution centres in 9 countries. These distribution centres are located in Singapore, Malaysia, Indonesia, Thailand, South Africa, Australia, Hong Kong, Vietnam and India.

SINGAPORE

Total revenue generated in Singapore includes retail chain operations, truck tyre centres, local wholesaling as well as the export of tyres and wheels to countries other than the 9



Our Indonesian commercial tyre team together with Cham Soon Kian (Group COO, Stamford Tyres), Erwin Chua (General Manager, PT Stamford Tyres Distributor Indonesia "PTSTDI") and Conwil Soh (Balikpapan Branch Manager, PTSTDI) posing with a Maxam giant earthmover tyre at the Mining 2019 Indonesia Expo at Jakarta, Indonesia held in September 2019.



Our 24-hour STAR Vans, which provide 24/7 on-call service to all our customers in Singapore, with on-site tyre change and balancing capabilities, as well as battery and oil change.



Exclusive Car Club Event with the Toyota C-HR Club Singapore ("CCS") members at the Stamford Tyres Mart located at Jurong in February 2020.

countries mentioned above. Singapore contributed 36% to the Group's total revenue.

There are currently 14 Stamford Tyres Mart retail centres and workshops island-wide, providing customers with services such as wheel balancing, wheel alignment, car maintenance programs and aerodynamic kits. We have also complemented our retail operations with the introduction of three 24-hour mobile service (STAR) vans to reach out to our customers nationwide, with the capability to perform tyre change and balancing as well as battery and oil change on-site.

For our commercial customers, Stamford Tyres provides total tyre management services and support to fleet owners to help them reduce vehicle downtime. Besides our existing truck centres in Jurong, Woodlands, Changi and Tuas, we have a fleet of 10 mobile recovery service trucks to provide our commercial customers with emergency tyre change on-the-road.

MALAYSIA

Malaysia remained a significant market to the Group, contributing 18% of the Group's revenue. Our

Gross profit margin increased slightly from 21.8% in FY19 to 22.5% in FY20

dealers in the country totalled in excess of 1,000.

During the year, we diversified our tyre offerings and sourcing to improve the competitiveness of our tyre and wheels distribution business in Malaysia by leveraging on our existing distribution and warehousing capabilities. We have optimised our tyre logistics operations by operating out of our consolidated warehouse facility at Kapar, Selangor.

As the market is becoming more open in Malaysia, we have managed to grow our sales of truck and commercial



Our fleet of 24/7 mobile recovery trucks which provide our commercial customers with emergency tyre change on-the-road.

tyres domestically, particularly in the budget segment. We are continuously looking for opportunities to do more value-added services in Malaysia.

THAILAND

We have two operating subsidiaries in Thailand:

- Stamford Sport Wheels Co Ltd (“SSW”), which operates two factories manufacturing aluminium alloy wheels; and
- Stamford Tyres Distributor Co Ltd (“STD”), a wholesaler of tyres and wheels.

Reduced production costs, as well as the stabilisation of the Thai Baht improved the profitability of the SSW factory in FY20. On a positive note, SSW products continued to enjoy strong demand in South East Asia, particularly in Thailand, as we continue to build on our SSW branding and marketing in the digital space. We have approximately 700 dealers for Falken and Sumo Firenza (made in Thailand) tyres, SSW wheels and commercial tyres in our local distribution network.



Low-pressure casting machines at the Stamford Sport Wheels Co Ltd production plant in Thailand.

The combined revenue of both subsidiaries contributed 16% to the Group’s revenue. We are continuously working on enhancing our marketing and branding activities to improve the sale of tyres and wheels in Thailand, as well as enhancing the product design and sale of SSW wheels into export markets.

INDONESIA

Indonesia contributed 17% to the Group’s revenue. The Group continues to capitalise on the strong consumer demand in

Indonesia and to strengthen its passenger tyre and wheels distribution network. We currently have a comprehensive network of warehouses and distribution points within Indonesia covering Jakarta, Surabaya, Semarang, Medan, Balikpapan, Banjarmasin, Makassar, Manado and Timika.

Indonesia will continue to extend its network to be closer to its commercial fleet and mining customers and to provide more direct and value-added services.



Participation by STD at the Northeast Truck Business Association Annual Meeting at Buriram, Thailand; held in November 2019, showcasing its range of commercial tyres including Falken and Leao truck tyres.



Participation by STD at the Bangkok Motor Expo 2019, with booths showcasing its range of products including Falken tyres and SSW wheels held in December 2019.



Truck tyre tread depth inspection performed by our team of tyre technicians on-site in Morowali, Central Sulawesi, Indonesia.



Earthmover tyre inspection performed by our team of tyre technicians on-site in Bengalon, East Kalimantan, Indonesia.

We are currently offering bigger-sized radial earthmover tyres up to 57" to support the mining sector. In Timika, Irian Jaya, we have expanded our services to include off-the-road tyre repair and fitment, heavy vehicle inspection, vehicle assets logistics and management as well as on-site technical tyre and equipment manpower management. We have set up tyre consignment and technical centres in Morowali, Central Sulawesi and Konawe Utara, Southeast Sulawesi, and a total tyre management centre in Halmahera, North Maluku Islands.

SOUTH AFRICA

South Africa remains an important region outside South East Asia for the Group, contributing 7% of the Group's revenue. We have three major warehouses in three cities (Cape Town, Durban and Johannesburg) and approximately 900 dealers. The passenger car tyres market is

stable and truck and earthmover tyres remain our key focus segments with the recovery of the mining sector.

GOING FORWARD

The Group will focus on its core strength in the distribution of tyres and wheels in South East Asia, as well as the markets covered by our joint-venture companies, namely Hong Kong, Macau, Indo-China and India.

We will continue to:

- Drive organic topline growth via brand and

product diversification.

- Deliver timely response to market needs and trends.
- Defend gross profit margin.
- Contain operating costs and rationalise current assets.



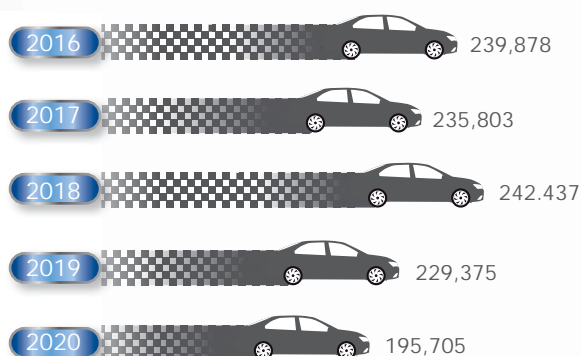
Tyre retreading in Singapore.



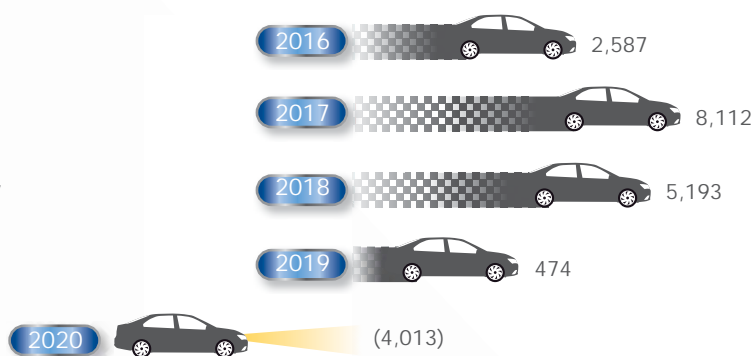
Indonesian Falken Dealers' Gathering and appreciation event at Bali, Indonesia in October 2019.

FINANCIAL HIGHLIGHTS

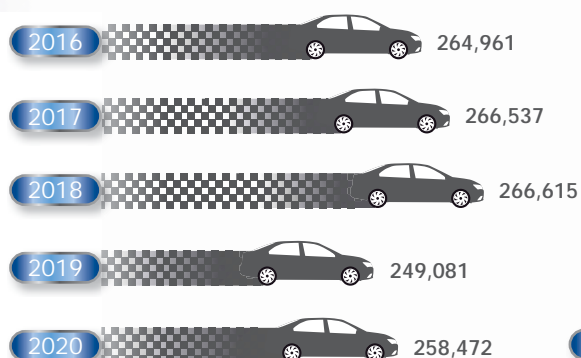
GROUP TURNOVER (S\$'000)



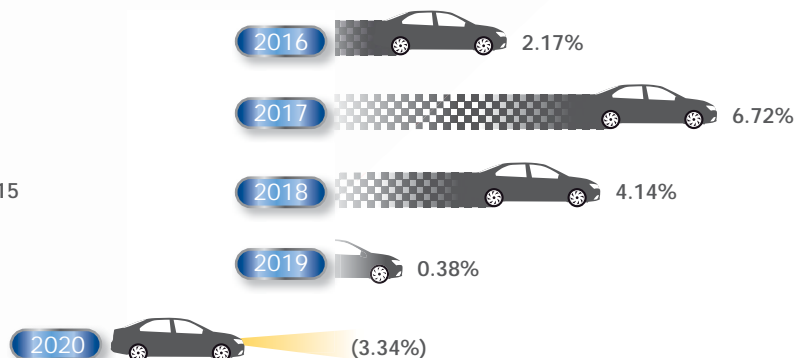
PROFIT AFTER TAX (S\$'000)



TOTAL ASSETS (S\$'000)



RETURN ON SHAREHOLDERS EQUITY (%)





FIRENZA

A Premium Brand from Singapore

DRIVUS SERIES

DRIVEN TO PERFECTION

TRUCK & BUS
Radial Tyres



MADE IN THAILAND



DRIVUS-S



DRIVUS-D



DRIVUS-T

CORPORATE GOVERNANCE

Stamford Tyres Corporation Limited (the "Company") is committed to maintaining high corporate governance standards and sound corporate practices within the Company and its subsidiaries (the "Group") to ensure that effective self-regulation practices are in place to enhance corporate performance and accountability. This report outlines the Company's main corporate governance practices with reference to the principles and provisions of the Code of Corporate Governance 2018 (the "Code").

The Board of Directors (the "Board") is pleased to confirm that for the financial year ended 30 April 2020, the Company has adhered to the principles and provisions as set out in the Code and where the Company's practices vary from any of the provisions of the Code, this is stated with an explanation of the reason for the variation and how the practices it has adopted are consistent with the intent of the relevant principle.

BOARD MATTERS

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.

The Board oversees the business affairs of the Group, sets overall corporate strategy and directions, approves budgets and reviews the Group's performance. The Board is collectively responsible for the long-term success of the Group. Each Director exercises his independent judgement to act in good faith and in the best interest of the Group for the creation of long-term value for shareholders. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Provision
1.1

Each Director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Company, as soon as practicable after the relevant facts have come to his knowledge. Where a Director has a conflict or potential conflict of interest in relation to any matter, he should immediately declare his interest and recuse himself and refrain from participating in discussions regarding a transaction or proposed transaction in which he has an interest or is conflicted, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he shall abstain from voting in relation to the conflict-related matters.

Provision
1.1

Board Orientation, Training and Updates

The Board ensures that incoming new Directors are given proper guidance and orientation (including on-site visits to the Group's operational facilities) to familiarise them with the Group's business, operations, financial performance and Key Management Personnel of the Group as well as corporate governance practices upon their appointment to facilitate the effective discharge of their duties.

Provision
1.2

CORPORATE GOVERNANCE (CONT'D)

Newly-appointed Directors will be given a formal letter explaining his duties and obligations as a Director. They will also be briefed by Management on the Group's business, its strategic directions as well as its corporate governance policies. Orientation programmes and familiarisation visits are organised, if necessary, to facilitate a better understanding of the Group's operations. If a newly-appointed Director has no prior experience as a Director of a company listed on Singapore Exchange Securities Trading Limited ("SGX-ST"), he is required to attend courses and training organised by institutions such as Singapore Institute of Directors, the Accounting and Corporate Regulatory Authority ("ACRA") and the SGX-ST at the Company's expense. They will also be encouraged to attend at the Company's expense, courses relating to the Singapore regulatory environment and audit essentials.

Directors have the opportunity to visit the Group's operations here and overseas and to meet Management to gain a better understanding of the Group's global business operations. All Directors are also encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are relevant to the Group through the extension of opportunities for participation in relevant training courses, seminars and workshops where applicable, at the Company's expense. Appropriate external trainings will be arranged where necessary.

*Provision
1.2*

Directors are regularly updated on the Group's business activities and regulatory and industry specific environments in which the Group operates during the Board meetings. Changes to regulations and accounting standards are monitored closely by Management. The Board as a whole, is updated regularly on risk management, corporate governance and key changes in the relevant regulatory requirements and accounting standards. New releases issued by the SGX-ST and ACRA which are relevant to the Directors are circulated to the Board so that they are kept up-to-date on pertinent matters relating to the relevant regulatory requirements and their key changes such as listing rules, corporate governance, risk management, financial reporting standards and the Companies Act Chapter 50 (the "Act").

*Provision
1.6*

Principal Duties of the Board

In addition to its statutory duties, the principal functions of the Board are to:

- a) supervise the overall management of the business and affairs of the Group and approve the Group's corporate and strategic policies and direction;
- b) formulate and approve the Group's financial objectives and monitor its performance such as reviewing and approving of results announcements and approving of annual financial statements;
- c) approve the Group's annual budgets, major funding proposals, investment/ divestment proposals and corporate or financial restructuring;
- d) oversee the processes for evaluating the adequacy of internal controls and risk management including the review and approval of interested person transactions;
- e) ensure that necessary financial and human capital resources are available for the Group to meet its objectives;
- f) review and endorse the framework of remuneration for the Board and Key Management Personnel as recommended by the Remuneration Committee;

CORPORATE GOVERNANCE (CONT'D)

- g) approve the nominations to the Board of Directors and appointment of Key Management Personnel, as recommended by the Nominating Committee ("NC");
- h) consider sustainability issues e.g. environmental and social factors, as part of its strategic formulation; and

assume responsibility for corporate governance and compliance with the Act and the rules and requirements of relevant regulatory bodies.

Matters Requiring Board Approval

The Board has adopted a set of internal guidelines on matters requiring board approval. Matters that are specifically reserved for the approval of the Board include, among others, any material acquisitions and disposals of assets, corporate or financial restructuring, proposing of dividends, annual budgets, significant legal and financial issues, announceable matters, interested person transactions, appointment of Directors and Key Management Personnel and other matters as may be considered by the Board from time to time.

Provision
1.3

Delegation to Board Committees

The Board has delegated specific responsibilities to three committees namely, the Audit Committee ("AC"), the NC and the Remuneration Committee ("RC") to assist in the execution of its responsibilities. Each committee has its own written terms of reference which clearly sets out its objectives, duties, powers and responsibilities and which has been amended to be in line with the Code. Minutes of all Board Committees have been circulated to the Board so that Directors are aware of and are kept updated as to the proceedings and matters discussed during the Committees' meetings.

Provision
1.4

While the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters still lies with the entire Board.

Attendance at Board and Committee Meetings

The Board conducts regular scheduled meetings on a quarterly basis. The Board and the Board Committees meet regularly based on meeting schedule planned in advance of each financial year so as to ensure maximum attendance by all participants. Ad-hoc meetings are convened as warranted by circumstances. The Company's Constitution permits Directors to attend meetings via telephonic or video conference means. Between board meetings, important matters concerning the Company are also put to the Board for its decision via circular resolutions for Directors' approval together with supporting memoranda to enable the Directors to make informed decisions.

Provision
1.5

Provision
1.6

CORPORATE GOVERNANCE (CONT'D)

The attendance of Directors at Board & Committee Meetings held since May 2019 while they were members as well as at the annual general meeting ("AGM") of the Company in August 2019 are set out below:

*Provision
1.5*

Meetings of:	Board	AC	NC	RC	AGM
No. of Meetings held:	4	4	1	1	1
Name of Director:	Attended	Attended	Attended	Attended	Attended
Sam Chong Keen	4	4	1	1	1
Wee Kok Wah	4	–	1	–	1
Mrs Dawn Wee Wai Ying	4	–	–	–	1
⁽¹⁾ Tay Puan Siong	1	1	1	–	1
⁽²⁾ Goh Chee Wee	1	–	–	1	1
Dr. Wee Li Ann	4	–	–	–	1
⁽³⁾ Leslie Mah Kim Loong	4	4	–	1	1
⁽⁴⁾ Kazumichi Mandai	4	3	–	–	1

⁽¹⁾ Mr Tay Puan Siong stepped down as a Director, AC Chairman and a member of the NC on 2 September 2019.

⁽²⁾ Mr Goh Chee Wee stepped down as a Director and member of the RC on 2 September 2019.

⁽³⁾ Mr Leslie Mah Kim Loong was appointed as AC Chairman and a member of the NC on 2 September 2019.

⁽⁴⁾ Mr Kazumichi Mandai was appointed as a member of the AC and RC on 2 September 2019.

In addition to the above, the Independent Directors had also met with the internal auditors and external auditors without the presence of the Executive Directors or Management at least once in FY2020.

During FY2020, the Independent Directors also met amongst themselves and/or with the Executive Directors and the management team on an ad hoc basis to approve and/or discuss specific issues or matters relating to the Group. Such informal discussion and meetings are not included in the above table.

Multiple Board Representations

All Directors are required to declare their board representations and ensure that sufficient time and attention are given to the affairs of the Group. The NC will review the multiple board representations held by the Directors on an annual basis to ensure that sufficient time and attention is given to the affairs of the Group.

*Provision
1.5*

The NC has assessed that each Director in the Company is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The Committee also took into consideration the Company's existing practice of Directors being assessed by each other as an additional check and balance on the performance of individual Directors and that a Director should have self-responsibility to determine whether he is able to discharge his duties properly and effectively as a Director when taking on additional listed company board seats. The NC, with concurrence from the Board, has adopted a guide that a Director should not have in aggregate more than five (5) listed company board representations so as to be able to devote sufficient time and attention to the affairs of the Company. None of the Directors have exceeded this limit.

*Provision
1.5*

CORPORATE GOVERNANCE (CONT'D)

Access to Information

Board members are provided with quarterly management reports and from time to time, they are furnished with all relevant information on material events and transactions to enable them to be fully cognisant of the decisions and actions of the Company's Executive Management. Detailed board papers are prepared for each Board meeting. The board papers include sufficient information from Management on financial, business and corporate issues and are normally circulated in advance of each meeting to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Directors are also regularly updated on the business activities of the Group and when there are significant developments or events relating to the Group's business operations. Management has access to the Directors for guidance or exchange of views outside of the formal environment of the Board meetings.

Provision
1.6

The Directors have separate and independent access to the Company Secretary at all times and they have been provided with the phone numbers and e-mail particulars of the Company Secretary. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil her/his duties and responsibilities as a Director.

Provision
1.7

The Company Secretary attends all Board meetings and ensures Board procedures are followed. The Company Secretary is also responsible to ensure that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

BOARD COMPOSITION & GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Independent Directors comprise at least one-third of the Board and their independence is assessed and reviewed annually by the NC. The Board comprises six Directors, of whom three are Independent Directors. The Board members are:

Rule 210(5)
(c)

	Board	AC	NC	RC
Sam Chong Keen	Chairman	Member	Chairman	Chairman
Wee Kok Wah	Member	-	Member	-
Mrs Dawn Wee Wai Ying	Member	-	-	-
Dr. Wee Li Ann	Member	-	-	-
Leslie Mah Kim Loong	Member	⁽¹⁾ Chairman	⁽¹⁾ Member	Member
Kazumichi Mandai	Member	⁽²⁾ Member	-	⁽²⁾ Member

Rule 1207
(10B)

⁽¹⁾ Mr Leslie Mah was appointed as AC Chairman and a member of the NC on 2 September 2019.

⁽²⁾ Mr Kazumichi was appointed as a member of the AC and RC on 2 September 2019.

CORPORATE GOVERNANCE (CONT'D)

Mr Sam Chong Keen is the Non-Executive and Independent Chairman. Mr Wee Kok Wah (the "President"), Mrs Dawn Wee Wai Ying and Dr Wee Li Ann are Executive Directors of the Company. Mr Leslie Mah Kim Loong and Mr Kazumichi Mandai are Non-Executive and Independent Directors.

The profiles and key information of the Directors are set out on pages 4 to 5 of this Annual Report.

There are no Alternate Directors on the Board. In recognising the importance and value of gender diversity in the composition of the Board, there are two female Directors on the Board.

To discharge its oversight responsibilities, the Board must be an effective board which can lead and control the business of the Group. There is a process of refreshing the Board progressively over time so that the experience of longer serving Directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointees bring to the Board's deliberation.

Board Independence

There is an appropriate level of independence and diversity of thought and background in the Board's composition to enable it to make decisions in the best interest of the Company.

There are six board members, of which three are Independent Directors.

The composition of the Board and independence of each Director is assessed and reviewed annually by the NC to ensure that the Board has the appropriate mix of expertise and experience to govern and manage the Group's affairs.

Provision
2.1

An Independent Director is one who is independent in conduct, character and judgment and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that can interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgment to the best interests of the Company.

The NC conducted its annual review of the Directors' independence and is satisfied that the Company had complied with Guideline 2.1 of the Code of Corporate Governance 2012 ("2012 Code") which provides that at least one-third of the Board is made up of Independent Directors. The Company also complies with the Rule 210(5)(c) of the Listing Manual of SGX-ST (which will take effect from 1 January 2022) which requires Independent Directors to consist of at least one-third of the Board.

Provision
4.4

The NC and the Board took into account the existence of relationships or circumstances, including those identified by the SGX-ST Listing Rule 210(5)(d) and the Code's Practice Guidance ("Practice Guidance"), that are relevant in determining a Director's independence and considered whether a Director has business relationships with the Group, its substantial shareholders or its officers and if so, whether such relationships could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the interest of the Group.

The Company's process of determining whether a Director is independent includes the use of a declaration form on independence which each Independent Director is required to complete and submit to the NC for its annual review. The results of the self-assessment are then collated by the Company Secretary and reported to the Board.

CORPORATE GOVERNANCE (CONT'D)

For FY2020, the NC had assessed the independence of Mr Sam Chong Keen, Mr Leslie Mah Kim Loong and Mr Kazumichi Mandai and was satisfied that there was no relationship or other factors such as financial assistance, past association, business dealings, being a representative of a shareholder, financial dependence, relationship with the Group or the Group's management, which would impair or compromise their independent judgment or which would deem them not to be independent. Each Independent Director had recused himself in the determination of his own independence.

Proportion of Non-Executive Independent Directors

The Chairman is a Non-Executive Independent Director.

*Provision
2.2*

The NC and the Board are of the opinion that there is an appropriate level of independence as the Board is able to exercise objective judgment independently from Management as all key issues and strategies are thoroughly reviewed and discussed by all Board members and constructively challenged by the Independent Directors. The NC and the Board are of the view that the independence of 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 Independent Directors that must make up a majority of the Board.

No individual or small group of individuals dominate the decisions of the Board.

During FY2020, Non-Executive Directors made up at least half of the Board, which constitutes a variation from Provision 2.3 of the Code which provides that Non-Executive Directors make up a majority of the Board. The Company is of the view that the intent of Principle 2 is met, as Non-Executive Independent Directors make up half the Board and the Chairman is a Non-Executive Independent Director. In addition, all Board Committees are chaired by Independent Directors.

*Provision
2.3*

In FY2020, the Non-Executive Independent Directors constructively challenged and helped Management develop proposals on business strategies for the Company and the Group, taking into consideration the long-term interests of the Group and its stakeholders. The Non-Executive Independent Directors also reviewed the performance of Management in achieving agreed goals and objectives for the Company and the Group, and monitored the reporting of performance. The Company is in compliance with Rule 210(5)(c) of the Listing Manual of the SGX-ST, which requires the Board to have at least two Non-Executive Directors who are independent and free of any material business or financial connection with the Company.

*Rule 210(5)
(c)*

The Board also 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. They are of the view that the independence of the Independent Directors must be based on their 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, with the concurrence of the Board also weighed the need for Board refreshment against tenure for relative benefit.

Rule 210(5)

Independence of Directors Who Have Served on the Board beyond Nine (9) Years

The NC noted that prior to 1 January 2022, Guideline 2.4 of the 2012 Code shall apply to Directors who have served on the Board beyond nine years from the date of his or her first appointment.

CORPORATE GOVERNANCE (CONT'D)

Guideline 2.4 of the 2012 Code states that the independence of any Director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review.

As at 30 April 2020, Mr Sam Chong Keen has served on the Board for more than 9 years from the date of his first appointment. After due and careful rigorous review, the Board (with Mr Sam abstaining from the review), with the concurrence of the NC, has determined that Mr Sam is to be considered independent notwithstanding that he has served on the Board beyond 9 years as he has continued to demonstrate strong independence in character and judgement in the discharge of his responsibility as an independent Director of the Company, with utmost commitment in upholding the interest of non-controlling shareholders. He has continued to express his individual viewpoint, debated issues and objectively scrutinised and challenged Management on issues he deems necessary. He has also sought clarification and amplification as and when necessary, including through direct access to Management and he is able to exercise objective judgment on corporate matters independently, in particular from Management and substantial shareholders, notwithstanding that he has served more than 9 years on the Board. As Chairman of the Board, he continues to provide stability to the Board and his vast experience enables him to provide the Board and the various Board Committees on which he serves, with pertinent counsel and guidance to facilitate sound decision-making.

Based on his declaration, Mr Sam does not have relationships or circumstances that are likely to affect or that could affect his judgement that could compromise his independence on board matters.

Taking into account the above after due consideration and careful assessment, and also having weighed the need for Board refreshment against tenure for relative benefit, the NC and the Board are of the view that Mr Sam continue to be considered an Independent Director notwithstanding that he has served on the Board for more than 9 years.

With effect from 1 January 2022, a Director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an Independent Director has not be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the Directors and chief executive officer of the issuer, and associates of such Directors and chief executive officer (the "Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the Director, whichever the earlier.

*Rule 210(5)
(d)(iii)*

The Board has recommended that the approval of the shareholders be sought through a Two-Tier Voting process at the forthcoming AGM for Mr Sam Chong Keen to continue in office as an Independent Non-Executive Director of the Company, notwithstanding that he has served as an Independent Non-Executive Director of the Company for an aggregate term of more than nine years.

The Board has determined that Mr Sam continues to remain objective and independent-minded in Board deliberations. As Chairman of the Board, he continues to provide stability to the Board and the Group has benefited from his counsel and he has, over time, not only gained valuable insight into the Group, its business, markets and industry but has brought the breadth and depth of his business experience to the Company. His length of service has not in any way interfered with his exercise of independent judgment nor hindered his ability to act in the best interests of the Company.

CORPORATE GOVERNANCE (CONT'D)

Board Size and Board Diversity

The NC is of the view that the size of the Board and its Board Committees is appropriate taking into account the nature and scope of the Group's operations, the core competency and broad range of industry knowledge and business experience of the Directors to govern and contribute to the effectiveness and success of the Group. The NC reviews the size of the Board from time to time.

*Provision
2.4*

The Company recognises and embraces the benefits of diversity of experience, age, skill sets, gender and ethnics on the Board ("Board Diversity") and views Board Diversity as an essential element to support the attainment of its strategic objectives and sustainable development.

Although the Company does not have a written policy on Board Diversity, it has maintained a culture of diversity to benefit from a wide talent pool. The current Board composition provides diversity in terms of skills, experience and knowledge.

The Board comprise Directors who as a group provide an appropriate balance and diversity of skills and experience including financial, legal and business management and collectively possess the necessary core competence to lead and govern the Group effectively. Each Director provides a valuable network of industry contacts which are considered essential to the Group and was appointed on the strength of his calibre, experience and stature.

*Provision
2.4*

In terms of the Board's composition, the Company also seeks to have a Board that comprises Directors who, as a group, not only provide an appropriate balance and have diversity of professional experience, skills and knowledge but also of other aspects such as gender and age. The Directors are between the ages of 49 to 77 and the Company has two female Directors on the Board (comprising one-third of the Board). In terms of board independence, there are three Non-Executive Independent Directors out of a total of six Directors, hence the independent Directors represent 50% of the total board membership.

*Provision
2.4*

Details of the Directors' qualifications, background and working experience are set out under the "Board of Directors" section of this annual report.

The Independent Directors have discussions and meet on a need-be basis without the Management's presence to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning and the remuneration of the Executive Directors and Key Management Personnel.

*Provision
2.5*

The Board has no dissenting view on the President's Letter to Shareholders for the financial year in review.

CHAIRMAN AND MANAGING DIRECTOR

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman is a Non-Executive appointment and is separate from the office of the President. There is a clear segregation of the roles and responsibilities between the Chairman and the President to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. As the Chairman and President are not related, no Lead Independent Director was appointed.

*Provision
3.1
Rule 1207
(10B)*

CORPORATE GOVERNANCE (CONT'D)

The Chairman leads the Board and is responsible for the strategic direction of the Group, the workings of the Board and communicating the performance of the Company and the Group to the Board and shareholders. The Chairman encourages active and effective engagement, participation and contribution from all Directors and facilitates constructive relations among and between them and management.

Provision
3.2

The President provides overall vision and bears full executive responsibility for the Group's operations. He, together with the assistance of a team of Key Management Personnel, is responsible for the day-to-day management of the Group and executing the Group's strategies and policies.

Lead Independent Director

The Code encourages the appointment of a Lead Independent Director to provide leadership in situations where the chairman is conflicted, and especially where the chairman is not independent. As the Chairman of the Board, Mr Sam Chong Keen, is an Independent Director, the Board is of the view that the appointment of a Lead Independent Director is not necessary.

Provision
3.3

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

NC Composition and Role

The NC comprises three Directors, the majority of whom, including the Chairman, are Independent Directors. The Committee Chairman is Mr Sam Chong Keen and the other members are Mr Leslie Mah Kim Loong and Mr Wee Kok Wah.

Provisions
1.4 and 4.2
Rule 1207
(10B)

The NC is guided by written terms of reference approved by the Board and its principal functions are to establish a formal and transparent process on matters relating to and including:

Provision
4.1

- (a) making recommendations to the Board on relevant matters relating to:
 - (i) the review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and Key Management Personnel;
 - (ii) the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
 - (iii) the review of training and professional development programmes for the Board and its Directors;
 - (iv) the appointment and re-appointment of Directors (including alternate Directors, if any);
- (b) determining annually, and as and when circumstances require, if a Director is independent, and providing its views to the Board in relation thereto for the Board's consideration;
- (c) reviewing the independence of any Director who has served on the Board for more than nine (9) years from the date of his first appointment and the reasons for considering him as independent;

CORPORATE GOVERNANCE (CONT'D)

- (d) where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director taking into consideration the Director's number of listed company board representations and other principal commitments.

Nomination and selection of Directors

The NC is responsible for recommending identified candidates to the Board to fill vacancies arising from resignation, retirement or any other reasons or if there is a need to appoint additional Directors with the required skill, knowledge or experience to the Board in order to fill any identified competency gap in the Board. Suitable candidates for Board membership are then identified through, inter alia, recommendations from current Board members, substantial shareholders, Management or through third-party referrals.

Provision
4.3

The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy. The NC and the Board will interview short-listed candidates before discussing and approving the final appointment. For existing Directors who retire and stand for re-election, based on the evaluation of these Directors, the NC will make recommendations for the re-nomination of such Directors.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Company's Constitution provides for one-third of the Directors to retire by rotation and be subject to re-election at every AGM. A newly appointed Director must also subject himself to retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation once every three years.

Rule 720(5)

Key information of each Director is set out on pages 4 to 5 of this report and the dates of their initial appointment and last re-appointment/re-election are set out below:

Name of Director	Date of initial appointment	Date of last re-appointment/re-election
Sam Chong Keen	9 Dec 1994	28 Aug 2017
Wee Kok Wah	11 Oct 1989	N.A.*
Mrs Dawn Wee Wai Ying	11 Oct 1989	30 Aug 2018
Dr Wee Li Ann	9 Dec 2009	30 Aug 2019
Leslie Mah Kim Loong	1 Dec 2012	30 Aug 2019
Kazumichi Mandai	1 Dec 2012	30 Aug 2019

* *Managing Director previously not subject to retirement by rotation pursuant to Article 107 of the Company's Constitution.*

With effect from 1 January 2019, all Directors, including the Managing Director, must submit themselves for re-nomination and re-appointment at least once every three years, in accordance with Listing Rule 720(5) of the SGX-ST Listing Manual. Accordingly, the Directors due for re-nomination and re-appointment at the forthcoming AGM under Article 111 of the Company's Constitution are Mr Sam Chong Keen and Mr Wee Kok Wah.

Having assessed the contribution and performance of the retiring Directors, the NC has recommended the re-election of Mr Sam Chong Keen and Mr Wee Kok Wah, who will be retiring by rotation at the forthcoming AGM. Mr Sam and Mr Wee have offered themselves for re-election and the Board has accepted the recommendations of the NC. Each Director had recused himself relating to the recommendation on his re-election as Director of the Company.

Rule 720(5)

CORPORATE GOVERNANCE (CONT'D)

Subject to his re-election, Mr Sam Chong Keen will continue to serve as an Independent Director and Chairman of the Board, and Chairman of the NC and RC.

The requisite information pursuant Appendix 7.4.1 of the SGX-ST Listing Manual pertaining to the retiring Directors can be found on pages 144 to 145 of this Annual Report. *Rule 720(6)*

Continuous review of Directors' independence

The NC is charged with determining annually, and as and when circumstances require, the independence of each Independent Director, having regard to the circumstances set forth in Provision 2.1 of the Code, its Practice Guidance and Rule 210(5)(d) of the Listing Manual of the SGX-ST. *Provision 4.4*

As described under the section on Board Independence, the Board after taking into consideration the views of the NC, is of the view that Mr Sam Chong Keen, Mr Leslie Mah Kim Loong and Mr Kazumichi Mandai are independent and that no individual or small group of individuals dominate the Board's decision making.

Directors' time commitments

The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company. As part of the assessment of the performance of each individual Director, there is consideration of whether sufficient time and attention has been given by the Director to the affairs of the Company. The NC is satisfied that all Directors were able to and have adequately carried out their duties as a Director of the Company for FY2020. *Provision 4.5*

The NC also believes that contributions from each Director can be reflected in other ways other than the reporting of attendances of each Director at the Board and Board Committees meetings as well as the frequency of such meetings. A Director would have been appointed on the strength of his experience and his potential to contribute to the proper guidance of the Group and its business. To focus on a Director's attendance at formal meetings alone may lead to a narrow view of a Director's contribution. It may also not do justice to his contributions, which can be in many forms, including Management's access to him for guidance or exchange of views outside the formal environment of the Board.

The listed company Directorships and principal commitments of each Director are disclosed on pages 4 and 5 of the Annual Report.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

The NC, has with the approval of the Board, established performance criteria and evaluation procedures for evaluation and assessment of the effectiveness and performance of the Board, the Committees as well as the contribution by the Chairman and for each individual Director. The NC evaluates and assesses the effectiveness of the Board taking into consideration appropriate performance criteria and upon its recommendation, the Board makes a formal annual assessment of its effectiveness as a whole, its Board Committees and each Director. *Provision 5.1*

CORPORATE GOVERNANCE (CONT'D)

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole annually. It focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information and Board accountability. The findings of such evaluations were analysed and discussed with a view to identifying areas for improvement and implementing certain recommendations to further enhance the effectiveness of the Board. In its evaluation, the NC considers the expertise and experience of each Board member, their attendance, participation and contributions to the Board both inside and outside of Board meetings which can be in many forms, including Management's access to him for guidance or exchange of views outside the formal environment of the Board.

No external facilitator was engaged by the Board for this purpose.

Each Director submits an assessment of the Board and the Board Committees, and a peer assessment of each of the other Directors to assess the contributions by the Chairman and each individual Director to the effectiveness of the Board. These detailed forms assess Directors in various different areas and competencies, including their attendance and contributions at meetings, preparedness for meetings etc. The evaluation of the Board and the Board Committees focus on a set of performance criteria approved by the Board which includes the size and composition of the Board, Board independence, the Board's access to information and Board's accountability, Board Committee performance in relation to discharging their responsibilities as set out in their respective terms of reference. The responses are collated by the external Company Secretary and a consolidated report is submitted to the Board. The responses are then discussed by the Board.

*Provision
5.2*

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES AND LEVEL AND MIX OF REMUNERATION

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel. No Director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Composition and Role

The RC comprises three Non-Executive and Independent Directors. It is chaired by Mr Sam Chong Keen and the members are Mr Leslie Mah Kim Loong and Mr Kazumichi Mandai.

*Provisions
1.4 and 6.2
Rule 1207
(10B)*

CORPORATE GOVERNANCE (CONT'D)

The RC is guided by written terms of reference approved by the Board and its principal responsibilities are:

*Provision
6.1*

- (a) reviewing and making recommendations to the Board on:
 - (i) a framework of remuneration for the Board and Key Management Personnel; and
 - (ii) the specific remuneration packages for each Director as well as for the Key Management Personnel,and in doing so the RC considers all aspects of remuneration, including termination terms, to ensure they are fair;
- (b) reviewing the Company's obligations arising in the event of termination of the Executive Directors' and Key Management Personnel's contracts of service;
- (c) where an external remuneration consultant is appointed, reviewing whether the remuneration consultant has any relationship with the Company that could affect his or her independence and objectivity; and
- (d) reviewing annually the remuneration of 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, and whose remuneration exceeds S\$100,000 during the year.

The RC reviews and recommends to the Board the framework of remuneration for key executives and for Directors serving on the Board and Board Committees. The review of specific remuneration packages includes fees, salaries, bonuses and incentives. Although the recommendations are made in consultation with Management, the remuneration packages are ultimately approved by the Board. No Director is involved in deciding his own remuneration. In setting the remuneration framework, the RC has considered all aspects of remuneration. The RC aims to be fair and avoids rewarding poor performance.

*Provision
6.3*

The RC has explicit authority to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters when necessary. During the financial year, the RC did not engage the service of an external remuneration consultant.

*Provision
6.4*

Remuneration Framework

The RC reviews and recommends to the Board the framework of remuneration for key executives and for Directors serving on the Board and Board Committees. The review of specific remuneration packages includes fees, salaries, bonuses and incentives. It also administers the Company's Employee Share Option Schemes and Performance Share Schemes, if any.

*Provision
7.1*

Remuneration for key executives are based on corporate and individual performance with certain key executives entitled to profit-sharing bonuses based on certain profit on a realized basis. There are appropriate and meaningful measures in place for the purposes of assessing the performance of the Executive Directors and Key Management Personnel. Although the recommendations are made in consultation with Management, the remuneration packages are ultimately approved by the Board. No individual Director is involved in deciding his own remuneration.

CORPORATE GOVERNANCE (CONT'D)

In performing its function, the RC endeavours to establish an appropriate remuneration policy to attract, retain and motivate the Executive Directors and Key Management Personnel whilst at the same time ensuring that the reward in each case takes into account individual performance as well as corporate performance.

Executive Directors have service contracts which include terms for termination under appropriate notice. Non-Executive Directors are remunerated based on basic fees for serving on the Board and Board Committees. Such fees are recommended for approval by shareholders as a lump sum payment at the AGM.

Non-Executive Directors are paid Directors' fees, which consist of a basic retainer fee as Director and an additional fee for serving on any of the Board Committees. The fees take into consideration the knowledge and expertise of each individual Non-Executive Independent Director, the responsibilities vested upon them and the effort and time commitment required from the Non-Executive Independent Directors given the complexities of the business and the business structure.

*Provision
7.2*

The Board concurred with the RC that the proposed Directors' fees for the year ended 30 April 2020 are appropriate and not excessive, taking into consideration the level of contributions by the Directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors. The payment is subject to approval of the shareholders at each AGM. No individual Director is involved in deciding his own remuneration.

In performing its function, the RC endeavours to establish an appropriate remuneration policy to attract, retain and motivate Key Management Personnel and Executive Directors, while at the same time ensuring that the reward in each case takes into account, individual performance as well as corporate performance. The corporate and individual performance-related elements of remuneration are designed to align the interests of Executive Directors and Key Management Personnel with those of shareholders and other stakeholders and to promote the long-term success of the Group.

*Provision
7.3*

At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The RC will consider, if required, whether there is a requirement to institute such contractual provisions to allow the Company to reclaim the incentive components of the remuneration of the Executive Directors and Key Management Personnel paid in prior years in such exceptional circumstances.

Except as disclosed in the Directors' Statement and Financial Statements, no material contracts (including loans) of the Company or its subsidiaries involving the interests of any Directors or controlling shareholders subsisted at the end of the financial year or had been entered into since the end of the previous financial year.

DISCLOSURE OF REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

CORPORATE GOVERNANCE (CONT'D)

Notwithstanding that it is a variation from Provision 8.1 of the Code, the Company wishes to disclose the remuneration of the Executive Directors in bands of \$250,000 for FY2020. The Company is of the view that the intent of Principle 8 was met, as the remuneration policies and the procedure for setting remuneration applicable to the Executive Directors are described above, and the level and mix of remuneration is disclosed in the table below.

*Provision
8.1(a)*

The Board supports and is aware of the need for transparency. However, after deliberation and debate, the Board is of the view that as the remuneration packages are confidential and sensitive in nature, full disclosure of the specific remuneration of each individual Director and the Group's Key Management Personnel (who are not Directors) is not in the best interest of the Company. Inter alia, the Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the highly competitive business environment the Group operates in, the competitive pressures in the talent market and the irrevocable negative impact such disclosure may have on the Group and which would place the Group in a competitively disadvantageous position.

Details of remuneration and benefits of Directors and Key Management Personnel for the financial year ended 30 April 2020 which will provide sufficient overview of the remuneration of Directors and Key Management Personnel are set out below: -

	Directors' fees %	Fixed salary and benefits %	Performance related bonus %	Total %
Executive Directors				
<i>Between \$500,000 and \$750,000</i>				
Wee Kok Wah	–	75	25	100
<i>Between \$250,000 and \$500,000</i>				
Mrs Dawn Wee Wai Ying	–	82	18	100
Dr Wee Li Ann	24	71	5	100
Non-Executive Directors				
<i>Below \$100,000</i>				
Sam Chong Keen	100	–	–	100
Leslie Mah Kim Loong	100	–	–	100
Kazumichi Mandai	100	–	–	100

Key Management Personnel

The Company is of the view that the intent of Principle 8 of the Code was met, as the remuneration policies and the procedure for setting remuneration applicable to the Key Management Personnel of the Company are described above, and the level and mix of remuneration is disclosed below.

*Provision
8.1(b)*

CORPORATE GOVERNANCE (CONT'D)

Given the challenging and highly competitive industry conditions in which the Group operates in and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company has weighed the advantages and disadvantages of the disclosure relating to the remuneration of the 5 top Key Management Personnel (who are not Directors) of the Group for the financial year ended 30 April 2020 and believe that such disclosure may be prejudicial to its business interest given the highly competitive business environment it is operating in as well as the competitive pressures in the talent market. As such, the disclosure relating to the remuneration of the top 5 Key Management Personnel (who are not Directors or the CEO) of the Group is only set out in bands of S\$250,000 and above. Their profiles are found on pages 6 to 7 of this Annual Report.

The Company believes that the remuneration information as disclosed below will be sufficient for shareholders to have an adequate appreciation of the remuneration of the Key Management Personnel and wishes to maintain confidentiality of remuneration in the interest of maintaining good morale and a strong spirit of teamwork within the Group.

The profiles of the top 5 Key Management Personnel are found on pages 6 to 7 of this Annual Report.

Remuneration Band	No. of Key Management Personnel
Between \$250,000 and \$500,000	1
Below \$250,000	4

Employees related to substantial shareholder, Directors or Group CEO.

*Provision
8.2*

Except for Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann who are Executive Directors, there are no employees of the Group who are immediate family members of a Director or the Group CEO and whose remuneration exceeds S\$100,000 for the financial year.

All forms of remuneration and other payments and benefit (if any), paid by the Company and its subsidiaries/ subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company's financial statements to Directors and Key Management Personnel of the Company are disclosed in the tables above.

*Provision
8.3*

Details of the Company's Employee Share Option Schemes and Share Performance Schemes, if any, will be provided in the Directors' Statement.

*Rule 1207
(16)*

ACCOUNTABILITY & AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is cognizant of its responsibility for maintaining a sound system of internal controls to safeguard the investment of its shareholders and the assets and business of the Group. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation and the AC assumes the duties and responsibilities of the risk management function to specifically address these issues.

*Provision
9.1*

CORPORATE GOVERNANCE (CONT'D)

Risk Management

As proper risk management is a significant component of a sound system of internal control, the Group has put in place a strategic enterprise risk management ("ERM") framework since FY2007. The Board recognises the importance of establishing a formal ERM Framework to facilitate the governance of risks and monitoring the effectiveness of internal controls.

In addition, the Group has set up an executive Risk Management Committee ("RMC") to oversee that appropriate risk management policies are put in place and there are processes to evaluate the risks monitored under the ERM framework. The RMC, comprising members of the Senior Management team, is responsible for setting the direction of corporate risk management and monitoring the implementation of risk management policies and procedures.

The RMC has established an enhanced risk management policy to provide guidance to Management on key risk parameters. The significant risks in the Group's business, including mitigating measures, were also reviewed by the RMC and reported to the AC and the Board. Risk registers are maintained by the business and operational units which identify the key risks facing the Group's business and the internal controls in place to manage those risks. These risks have been categorized as strategic, operational, financial or compliance risks and the main areas of financial risk, faced by the Group are foreign currency exchange risk, interest rate risk, credit risk and liquidity risk.

The RMC together with the President and Group Financial Controller have confirmed to the AC and the Board the adequacy and effectiveness of the risk management system and internal controls.

The AC, with the assistance of the Internal and External Auditors, reviews and reports to the Board on the adequacy of the Company's system of internal controls, including financial, operational, compliance and information technology controls and taking into consideration the risk management perspective.

The AC may examine whatever aspects it deems appropriate of the Group's financial affairs, its internal and external audits and its exposure to risks of a regulatory or legal nature. It keeps under review the effectiveness of the Company's system of accounting and internal financial controls, for which the Directors are responsible. It also keeps under review the Company's programme to monitor compliance with its legal, regulatory and contractual obligations.

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

*Provision
9.2*

- (a) the President and the Group Financial Controller that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and
- (b) the President and other Key Management Personnel who are responsible regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board recognises the need and is responsible for maintaining a system of internal controls and processes to safeguard shareholders' investments and the Group's assets. The AC monitors the effectiveness of the internal control systems and procedures and risk management systems. During the year, the Board and AC reviewed the effectiveness of the Company's internal control procedures and risk management systems.

CORPORATE GOVERNANCE (CONT'D)

The system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. While acknowledging their responsibility for the system of internal controls, the Directors recognise that such a system is designed to manage, rather than eliminate risks, and therefore cannot provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors or mis-statements, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditor, and the statutory audit conducted by the External Auditor, and reviews performed by Management, RMC and various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's framework of internal controls (including financial, operational, compliance and information technology controls) and risk management systems, are adequate and effective to meet the needs of the Group's existing business objectives and provide reasonable assurance of the integrity and effectiveness of the Group in safeguarding its assets and shareholders' value.

*Rule 1207
(10)*

Risk management policies

The Group has set up objectives to manage the risks that arise from the normal course of its operations. The significant risks are summarised below:

(i) General business risk

The Group's major business is distribution of tyres and wheels. The Group is reliant on a few key suppliers for the supply of certain major brand of tyres. Some of these suppliers have granted exclusive distribution rights. Although the Group has a strong relationship with the principals (some exceeding 30 years), there is no assurance that the principals will continue to appoint the Group as their exclusive distribution agent in the future. Should any of the major principals decide to discontinue the distribution rights in the future, the Group could lose some of its market share and this could then have adverse financial impact on the Group. To mitigate this risk, the Group has been focusing on developing its own range of proprietary 'in-house' brands like Sumo Firenza, Sumo Tire and SSW to become less reliant on its principals.

As in any other business environment, the Group's assets are exposed to various risks arising from normal operations and natural disasters. Especially, the Group's inventory is highly flammable and susceptible to the risk of fire. It is the Group's practice to annually assess these risks and/or exposure to ensure that the Group is protected from potential monetary loss. In addition to other preventive measures, the Group ensures that adequate insurance coverage is maintained at all times to mitigate such risks except where the cost of insuring the asset is considered prohibitive in relation to the risks identified.

CORPORATE GOVERNANCE (CONT'D)

(ii) Product liability claims

The Group is exposed to claims from its customers from products sold by the Group which contain defects or found to be unfit for their intended use. The Group may be required to make financial compensation to its customers in such circumstances. The Group's principals are well established in the market place and their products are usually tested for safety before being marketed. The Group continues to spend considerable effort in ensuring the quality of its products and services. The Group provides its employees with relevant training, on a regular basis, to uphold the quality of services provided to its customers. The Group has no history of any significant claim made by its customers.

(iii) Credit and inventory risk

The Group faces normal business risks associated with collection of trade receivables and inventory obsolescence. The Group's exposure to credit risks arises mainly from sales made to distributors and retailers in various geographical locations. The Group has tight credit control policies and procedures to evaluate the credit worthiness of customers before credit is granted and to prevent significant concentration of credit risk. The Group also has adequate policies and procedures to minimise the risk of inventory obsolescence. The risk of inventory obsolescence may arise from changes in consumer preference and technology. It is the Group's policy to maintain optimum inventory level at all times. Inventory level is monitored regularly and slow-moving inventories are quickly identified for early disposal. The Group has also put in place a "supply chain management" system to procure inventories in an effective manner to prevent excess inventories on hand.

The financial risk management objectives and policies are discussed in Note 36 to the financial statements.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

AC Composition and Role

The AC comprises three Non-Executive and Independent Directors. It is chaired by Mr Leslie Mah Kim Loong and the members are Mr Sam Chong Keen and Mr Kazumichi Mandai. No former partner or Director of the Company's existing auditing firm or auditing corporation is a member of the AC. *Provision
1.4 & 10.2
Rule 1207
(10B)*

The profiles of each AC members are set out on pages 4 to 5 of this Annual Report. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management knowledge, expertise and experience to discharge their responsibilities properly. *Provision
10.2*

None of the AC members are former partners or Directors of, or have any financial interests in, the company's existing auditing firm or auditing corporation. *Provision
10.3*

The role of the AC is to assist the Board in overseeing the adequacy of the overall internal control functions, the internal audit functions within the Group, the relationship of those functions to external audit, the scope of audit by the external auditor as well as their independence. *Provision
10.1*

CORPORATE GOVERNANCE (CONT'D)

The AC is guided by written terms of reference approved by the Board and its duties include:

*Provision
10.1*

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (c) reviewing the assurance from the President and the Group Financial Controller on the financial records and financial statements;
- (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the Company's external audit;
- (f) reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;
- (g) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (h) deciding on the appointment, termination and remuneration of the head of the internal audit function, as the primary reporting line of the internal audit function is to the AC;
- (i) meeting with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually;
- (j) reviewing and recommending the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation;
- (k) reviewing any matters relating to suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority in Singapore, which has or is likely to have a material impact on the Company's or Group's operating results and/or financial position, and the findings of any internal investigations, and Management's response thereto, discussing such matters with the external auditor and, at an appropriate time, reporting the matter to the Board;
- (l) carrying out the functions set out in Section 201B of the Companies Act;
- (m) with reference to the Practice Guidance, having explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management, full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions; and
- (n) reporting to the Board the significant issues and judgements that the AC considered in relation to the financial statements, and how these issues were addressed.

CORPORATE GOVERNANCE (CONT'D)

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

Quarterly (where applicable), half year and full year results are reviewed by the AC prior to their submission to the Board as are interested person transactions that fall within the scope of Chapter 9 of the Listing Manual of the SGX-ST.

Internal Audit

The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal audit function is outsourced to Yang Lee & Associates ("YLA"), an external professional firm. The Internal Auditor conducts regular audit of internal control systems of the Group's companies, recommends necessary improvements and enhancements, and reports directly to the AC. The AC reviews and approves the annual internal audit plan. The internal auditor has unrestricted access to documents, records and personnel, including the AC and has appropriate standing within the Company.

*Provision
10.4*

The AC examines the effectiveness of the Group's internal control systems. The many assurance mechanisms operating are supplemented by the Internal Auditor's reviews of the effectiveness of the Group's material internal controls, including financial, operational and compliance and information technology controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC reviews the effectiveness of the actions taken by Management on the recommendations made by the Internal Auditors in this respect.

YLA is guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and staffed with professionals with the relevant qualifications and experience. The AC is satisfied that the Company's internal audit function is independent, effective and adequately resourced to perform its functions and is staffed by suitably qualified and experienced professionals.

*Rule 1207
(10C)*

External Auditors

The Company's external auditor is Ernst & Young LLP ("EY"), an accounting firm registered with the Accounting and Corporate Regulatory Authority of Singapore.

Updates on the changes in accounting standards and treatment are prepared by the External Auditor and circulated to members of the AC periodically for information.

To keep abreast of the changes in financial reporting standards and related issues which have a direct impact on financial statements, discussions are held with the External Auditor where applicable, when they attend the AC Meetings.

The external auditor has full access to the AC which can conduct or authorise investigations into any matters within its terms of reference. The AC also has full access to and co-operation from Management and the discretion to invite any Director or Executive Officer to attend its meetings and has reasonable resources to enable it to discharge its functions. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

CORPORATE GOVERNANCE (CONT'D)

The AC confirms that it has reviewed the nature and extent of all audit and non-audit services performed by the external auditor, to establish if their independence and objectivity as external auditor of the Company, had in any way been compromised. EY did not provide any significant non-audit services in FY2020. The fees payable to EY are disclosed on page 89 of this Annual Report.

*Rule 1207
(6)(b)*

The AC has also reviewed and confirmed that EY is a suitable audit firm to meet the Company's audit obligations, after taking into consideration the Audit Quality Indicators Disclosure Framework published by the ACRA and having regard to the adequacy of resources and experience of the firm and the assigned audit engagement partner, EY's other audit engagements, size and complexity of the Stamford Tyres Group, number and experience of supervisory and professional staff assigned to the audit.

*Rules 712
and 715*

Accordingly, the AC has recommended to the Board the re-appointment of EY as External Auditor of the Group for the year ending 30 April 2021. EY has been engaged to audit the accounts of the Company and its Singapore-incorporated subsidiaries. The accounts of the significant foreign-incorporated subsidiaries are audited by EY member firms in the respective countries. The Group has complied with Rules 712 and 715 of the Listing Manual in relation to its auditing firms.

AC's Activities in FY 2020

The AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant issues were discussed with Management and the external auditors and reviewed by the AC in respect of FY2020:

Provision 1.4 of the Code recommends, inter alia, that a summary of the AC's activities be disclosed in the annual report. The AC performed the functions specified in Section 201B of the Act, the Listing Manual of the SGX-ST and the Code. The AC met four times during FY2020. The AC reviewed and approved the internal audit plan for execution.

*Provision
1.4*

In FY2020, the Group with the assistance of its internal auditors carried out an internal review of key operating cycles of its Singapore subsidiary. Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal and external auditors were reported to the AC.

The AC also reviewed the effectiveness of the measures taken by Management in response to the recommendations made by the internal and external auditors. The systems of internal controls and risk management are continually being refined by Management, the AC and the Board.

The AC has met with the internal and external auditors separately without the presence of Management for the year in review. In addition, updates on changes in accounting standards and treatment are prepared by the external auditor and circulated to the members of the AC periodically for information.

*Provision
10.5*

CORPORATE GOVERNANCE (CONT'D)

Significant financial statement reporting matters

The significant issues considered by the AC in relation to financial statements during the year ended 30 April 2020 are detailed below, alongside the actions taken by the AC to address these issues.

Significant matters considered	How these issues were addressed by the AC
Appropriateness of the carrying values of investments	<p>The AC considered management's approach and analysis in assessing the carrying values of its investments.</p> <p>The AC also considered the reasonableness of the assumptions used and judgements made on cash flow forecasts, discount rates and growth rates used, and was satisfied that these were appropriate.</p> <p>The External Auditor has included the appropriateness of the carrying values of investments as a key audit matter in its Auditor's Report for the year ended 30 April 2020. This is on page 54 of the Annual Report.</p>
Managing inventory and obsolescence risk	<p>The AC considered the approach and methodology applied to the allowance for inventory obsolescence.</p> <p>The AC discussed the above with the External Auditor to consider the reasonableness, appropriateness of analysis and assessments and disclosures made by management, and was satisfied that these were appropriate.</p> <p>The External Auditor has included managing inventory and obsolescence risk as a key audit matter in its Auditor's Report for the year ended 30 April 2020. This is on pages 54 to 55 of the Annual Report.</p>
Recoverability of trade receivables	<p>The AC considered the approach and methodology relating to the monitoring and collectability of trade receivables and management's assessment in providing allowance for expected credit loss and the disclosures made.</p> <p>The AC discussed the above with the Management and External Auditor to consider the reasonableness of the assessment and was satisfied that these were appropriate.</p> <p>The AC also reviewed the audit report and findings presented by the External Auditor at the year-end meeting.</p> <p>The External Auditor has included allowance for expected credit loss as a key audit matter in its Auditor's Report for the year ended 30 April 2020. This is on page 55 of the Annual Report.</p>

Whistle Blowing Policy

The AC has put in place a "whistle blowing" or Corporate Ethics Compliance policy. The policy provides a channel for staff and third parties to confidentially report violations of the Group's Code of Ethics, business conduct, and improprieties in financial accounting, trade practices, conflict of interest, employee discrimination and health & safety. Reports can be made on an anonymous basis directly to the AC. Appropriate investigation will be carried out and the informant (if not anonymous) will be informed of the results. The objective is to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow up action.

CORPORATE GOVERNANCE (CONT'D)

SHAREHOLDERS' RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS, CONDUCT OF SHAREHOLDERS MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Conduct of General Meetings and Interaction with Shareholders

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders. All shareholders are informed through notices of general meetings sent by post and such notices are also advertised in the Business Times and made available on the SGX-ST's website.

Provision
11.1

All registered shareholders of the Company are invited and encouraged to attend and vote at general meetings. At the general meeting, shareholders have the opportunity to vote in person or by proxy and will be informed of voting procedures.

Participation of shareholders is encouraged at the AGM through the open question and answer session. The Directors and Management will be available to address any queries or concerns on matters relating to the Company and the external auditor will also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. In 2019, all the Directors and external auditor attended the annual general meeting of the Company in August 2019 which was the only general meeting held in 2019.

Provision
11.1 and
11.3

The Board has developed several channels, such as the Group's website, email or fax, for shareholders who are not able to attend the AGM to contribute their feedback and inputs regarding the Company and its operations.

Every matter requiring shareholders' approval is proposed as a separate resolution on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

Provision
11.2

Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Proxy forms are sent with the Notice of meeting to all shareholders. Except for a shareholder who is a Relevant Intermediary as defined under Section 181(6) of the Act, a shareholder may appoint up to two proxies to attend and vote on his behalf at the general meeting through proxy forms deposited 72 hours before the meeting.

As authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, facsimile or email.

Provision
11.4

To promote greater transparency and effective participation, the Company has conducted the voting of all its resolutions by poll at all general meetings since 2012. Upon the conclusion of the general meetings, the detailed voting results, including the total number of votes cast for or against each resolution tabled, are announced at the general meetings and via SGX-ST's website.

CORPORATE GOVERNANCE (CONT'D)

The Company does not publish minutes of general meetings or shareholders on its corporate website. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting) including disclosure of sensitive information to the Group's competitors. Further, shareholders, including those who did not attend the relevant general meeting, have a right to be furnished copies of minutes of general meeting pursuant to Section 189 of the Act. Accordingly, the Company is of the view that its position is consistent with the intent of Principle 11 of the Code as shareholders are treated fairly and equitably by the Company.

*Provision
11.5*

Dividend Policy

While the Company has not formally instituted a dividend policy, it has a good track record of paying annual dividends to shareholders. In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, inter alia, the Group's financial position, retained earnings, results of operations and cash flow, the Group's expected working capital requirements, the Group's expected capital expenditure and future expansion and investment plans and other funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

*Provision
11.6*

The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend payout.

The declaration and payment of any dividend will be recommended by the Directors and the final dividend (if any) will be subject to approval by shareholders.

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.

Communication with shareholders and the investment community is maintained through regular dissemination of information such as announcements on half-yearly and full year results, press releases on the SGXNet and the Company's corporate website.

*Provision
12.1, 12.2
and 12.3*

To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed in a comprehensive, accurate and timely basis via SGXNet especially information pertaining to the Company's business development and financial performance which could have a material impact on the price or value of its shares so as to enable shareholders to make informed decisions in respect of their investments in the Company.

The Company has an Investor Relations Section on its corporate website which shareholders and other stakeholders may contact the Company with feedback or questions and there are procedures in place for following up and responding to stakeholders' queries as soon as applicable.

General meetings have been and are still the principal forum for dialogue with shareholders. Shareholders' views are sought at general meetings and shareholders are given the opportunity to air their views and ask the Directors and Management questions regarding the Company and the Group.

CORPORATE GOVERNANCE (CONT'D)

The Company is committed to treating all shareholders fairly and equitably and keep all shareholders and other stakeholders informed of its corporate activities, including changes in the Company or its business which would be likely to materially affect the price or value of its shares on a timely basis.

MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company values input from all of its stakeholder groups and uses a variety of channels and platforms to engage with them as well as receive their feedback. The Company identifies stakeholders as groups that have an impact or have the potential to be impacted by its business, as well as those external organisations that have expertise in aspects that the Company consider material.

*Provision
13.1*

The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators, shareholders and vendors. More details will be disclosed in the standalone Sustainability Report that will be issued for the financial year ended 30 April 2020.

*Provision
13.2*

Shareholders are encouraged to attend the Company's general meetings to ensure a greater level of shareholder participation and for them to be kept up to date on the strategies and goals of the Group. Annual reports, notices of annual general meetings and circulars and notices pertaining to any Extraordinary General Meeting of the Company are sent to all shareholders by post or by electronic transmission in accordance with the Act, the SGX-ST's Listing Manual and the Company's Constitution.

To facilitate participation by shareholders, the Company's Constitution allows shareholders to attend and vote at general meetings of the Company by proxies. A shareholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the general meetings while a member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the general meetings through proxy forms deposited 72 hours before the meeting. Notices of general meetings are advertised in the newspapers and available on the SGX-ST's website.

The Company does not practice selective disclosure. Shareholders are kept informed of the developments in the Group's businesses and operations through announcements via SGXNet as well as through the annual report. Announcements are made as soon as possible to ensure timely dissemination of the information to shareholders and the public. Results and the annual reports are announced or issued within the mandatory periods.

*Provision
13.3*

To further enhance its communication with investors, the Company's website www.stamfordtyres.com allows the public to access information on the Group directly. The Company's website is updated regularly and contains various information on the Company and the Group and serves as an important resource for investors and all stakeholders.

CORPORATE GOVERNANCE (CONT'D)

OTHER CORPORATE GOVERNANCE MATTERS

DEALINGS IN SECURITIES

The Group has put in place an internal compliance code which prohibits dealings in the securities of the Company by the Company, Directors and employees while in possession of unpublished material price-sensitive information, and during the two weeks immediately preceding, and up to the time of the announcement of the Company's results for each of the relevant quarters of its financial year and during the one month preceding, and up to the time of announcement of the company's results for the full financial year (the "Compliance Code").

*Rule
1207(19)(A)
and (C)*

As the Company has ceased quarterly reporting in respect of financial year ended 30 April 2020, the Compliance Code has been updated whereby the Company, Directors and employees of the Group are not permitted to deal with the securities of the Company during the period beginning one month before the announcement of the half year and full year financial statements results and ending on the date of the announcement.

The Compliance Code also discourages all the Directors and employees of the Group to deal in securities on short-term considerations. Directors are required to report securities dealings within two business days of such dealings, to the Company Secretary, who will assist to make the necessary announcements via the SGXNet.

Directors and all officers are cautioned to observe insider trading regulations at all times.

*Rule
1207(19)(B)*

In addition, Directors and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. Directors and employees are also discouraged from dealing in the Company's securities on short-term consideration.

MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts of the Company or any of its subsidiaries involving the interest of any 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.

*Rule 1207
(8)*

INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted at arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders. All interested person transactions are subject to review by the AC to ensure compliance.

*Rule
1207(17)
1207(18)*

CORPORATE GOVERNANCE (CONT'D)

During the year, the following interested person transactions were entered with a company in which the Executive Directors are also Directors/shareholders and have substantial financial interest:-

Name of interested person	Aggregate value of all interested person transactions conducted during the financial year (excluding transactions below \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	S\$'000	S\$'000
Wah Holdings Pte Ltd ⁽¹⁾	182,400	Nil

⁽¹⁾ Mr Wee Kok Wah, Mrs Dawn Wee Wai Ying and Dr Wee Li Ann are Directors/shareholders of Wah Holdings Pte Ltd.

The Company does not have a shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

There were no other significant interested person transactions (excluding transactions less than S\$100,000) during the financial year ended 30 April 2020.

OTHER DISCLOSURE REQUIREMENTS

There are no material developments after the preliminary announcement that would affect the performance of the Group.

CORPORATE SOCIAL RESPONSIBILITY

In the introduction to the Code, it is stated that companies that embrace the tenets of good governance, including accountability, transparency and sustainability, are more likely to engender investor confidence and achieve long-term sustainable business performance. Details of the Group's sustainability practices, including the corporate social responsibility initiatives during FY2020, are set out in the Company's Sustainability Report to be issued for FY2020.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Stamford Tyres Corporation Limited (the "Company") and its subsidiary companies (collectively, the "Group"), and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 April 2020.

Opinion of the Directors

In the opinion of the Directors,

- (i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flow together with notes thereto 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 30 April 2020 and of the financial performance of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

Directors

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

Sam Chong Keen	(Chairman)
Wee Kok Wah	(President)
Mrs Dawn Wee Wai Ying	(Executive Director)
Dr Wee Li Ann	(Executive Director)
Leslie Mah Kim Loong	
Kazumichi Mandai	

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, (the "Act") an interest in shares and share options of the Company, as stated below:

Name of Director	Direct interest		Deemed interest	
	At 1.5.2019	At 30.4.2020	At 1.5.2019	At 30.4.2020
Ordinary shares of the Company				
Wee Kok Wah	42,254,554	42,914,554	49,851,319	50,151,319
Mrs Dawn Wee Wai Ying	13,937,567	14,237,567	78,168,306	78,828,306
Dr Wee Li Ann	10,000	10,000	10,000	10,000
Leslie Mah Kim Loong	–	–	1,150,000	1,150,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 May 2020.

DIRECTORS' STATEMENT (CONT'D)

Directors' interests in shares and debentures (cont'd)

By virtue of Section 7 of the Act, Mr Wee Kok Wah and Mrs Dawn Wee Wai Ying are deemed to have an interest in the ordinary shares of all the subsidiary companies at the beginning and at the end of the financial year.

No other Director who held office at the end of the financial year had interests in shares or debentures of the Company's subsidiary companies.

Share Options and Performance Shares

No options were issued by the Company or any of its subsidiaries during the financial year. As at 30 April 2020 and 30 April 2019, there were no options on the unissued shares of the Company or any of its subsidiaries which were outstanding.

Following the approval by shareholders at the extraordinary meeting held on 30 August 2018, the Company granted awards consisting of 1,800,000 Shares pursuant to the Stamford Tyres Performance Share Plan 2017 ("the PSP 2017") to the following Directors/Controlling Shareholders.

The information on the Directors/Controlling Shareholders who accepted the grant of awards and the details of the movement in the awards are as follows:

Name of Director/ Controlling Shareholder	Aggregate Performance Shares			
	Awarded during the financial year under review	Awarded since commencement of scheme to end of financial year under review	Vested since commencement of scheme to end of financial year under review	Outstanding as at end of financial year under review (shares not yet vested)
Wee Kok Wah	–	900,000 shares	600,000 shares	300,000 shares
Mrs Dawn Wee Wai Ying	–	900,000 shares	600,000 shares	300,000 shares

Arrangements to enable Directors to acquire shares and debentures

Except as disclosed below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Audit Committee

The Audit Committee comprises Non-Executive and Independent Directors, Mr Leslie Mah Kim Loong (who chairs the Audit Committee), Mr Sam Chong Keen and Mr Kazumichi Manndai.

The Committee meets at least 4 times a year and performs its functions in accordance with the Act.

DIRECTORS' STATEMENT (CONT'D)

Audit Committee (cont'd)

The Committee reviews the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditor. It meets with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal accounting and financial controls. The Committee also reviews the annual financial statements of the Company and of the Group and the auditor's report thereon before submission to the Board, as well as interested person transactions. All major findings and recommendations are brought to the attention of the Board of Directors.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Wee Kok Wah
Director

Mrs Dawn Wee Wai Ying
Director

31 August 2020

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 April 2020

To the members of Stamford Tyres Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Stamford Tyres Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 April 2020, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group 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, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 April 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

For the year ended 30 April 2020

To the members of Stamford Tyres Corporation Limited

Impairment assessment of investments in subsidiaries, joint ventures and associate

The Group and the Company have significant investments in subsidiaries, joint ventures and an associate. The carrying amounts of these investments can be found in Notes 14, 15 and 16 to the financial statements respectively.

The financial performance of the subsidiaries, joint ventures and associate are dependent on the economic and market conditions in which they operate in. Management monitors the performance of these entities and an assessment for impairment is carried out when there are indicators of impairment, such as when the returns on the investments are lower than anticipated. The impairment assessments involve the preparation of discounted cash flow forecasts to determine the recoverable amounts of these investments. The assessment for impairment is considered a key audit matter as management exercises significant judgement in making assumptions and estimates for the preparation of the discounted cash flow forecasts. The Group's accounting policies on impairment of these investments are disclosed in Note 2.9, 2.10 and 2.11 to the financial statements. The critical accounting estimates and judgements made in arriving at the assumptions used in the preparation of the discounted cash flow forecasts by management are stated in Note 3(a)(iii) to the financial statements.

We assessed whether there is any impairment indicators for the investments in subsidiaries, joint ventures and associates, as well as the loan and other receivables from subsidiaries. For those entities with indicators of impairment, we reviewed the process by which management's discounted cash flow forecasts were prepared. We obtained an understanding from management on their assessment of the potential impact that COVID-19 has on the operations of those entities. We tested the robustness of management's discounted cash flow forecasts by comparing previous forecasts to actual results and validated key inputs used, such as the discount and growth rates, to historical and external market data in light of current market conditions to assess the reasonableness of the forecast. We assessed the sensitivity of the discounted cash flow forecasts based on reasonably possible changes to the key assumptions and also checked the mathematical accuracy of the underlying calculations. We then assessed the adequacy of the disclosures on the impairment of investments in subsidiaries, joint ventures and associate in Notes 14, 15 and 16 to the financial statements respectively.

Allowance for inventory obsolescence

The Group has significant inventories and makes an allowance for inventory obsolescence when there is a risk that the inventories may be sold below their carrying amounts. The carrying amounts of inventories and the allowance for inventory obsolescence were included in Note 17 to the financial statements.

The Group's allowance for inventory obsolescence is subject to changes in the economic and market conditions, which may result in excess, slow-moving or obsolete inventories that may be sold at prices below costs. The allowance for inventory obsolescence is a key audit matter as significant judgement is required for the estimation of the net realisable value ("NRV") of inventories and the resultant allowance for obsolescence. The estimation is made after taking into consideration movement in rubber prices, current and expected consumer demand and competitors' pricing for similar products. The Group's accounting policy on inventory and the critical accounting estimates and judgements are disclosed in Note 2.15 and Note 3(a)(ii) to the financial statements respectively.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

For the year ended 30 April 2020

To the members of Stamford Tyres Corporation Limited

Allowance for inventory obsolescence (cont'd)

As part of our audit, we evaluated the appropriateness of assumptions and estimates made by management in determining the allowance for inventory obsolescence, including economic and current market conditions, and impact of COVID-19 on expected consumer demand. We analysed the aging profile of the inventory on hand, disaggregated by type, which is then corroborated with management's identification and assessment of allowance for inventory obsolescence in light of expected consumer demand. We assessed the determination of NRV for selected samples by comparing them to the unit selling price subsequent to the year end and management's obsolescence allowance. For inventories subsequently sold with negative gross margins, we assessed if the allowance for these inventories are adequate. We also assessed the adequacy of the disclosures related to inventory in Note 17 to the financial statements.

Allowance for expected credit loss

The Group has significant trade receivables and makes an allowance for expected credit loss ("ECL") where there is a risk that the amounts are not collectable. The carrying amounts of trade receivables and the ECL were included in Note 18 to the financial statements.

The collectability of trade receivables is a key element of the Group's working capital management, and is managed on an ongoing basis by management. The Group determines ECL loss of trade receivables by making debtor-specific assessment of expected credit loss, and uses a provision matrix for the remaining group of debtors that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic conditions. As this assessment requires significant management judgement, we determined this to be a key audit matter. The Group's accounting policy on allowance for ECL is disclosed in Note 2.13 to the financial statements and the critical accounting estimates and judgements are stated in Note 3(a)(iv) to the financial statements.

We evaluated the processes and controls relating to the monitoring of trade receivables and considered ageing to identify collection risks, including management's considerations of the potential impact that COVID-19 has on the customers. We requested for confirmations and checked for evidence of receipts subsequent to the year end for selected debtors. We discussed with management about the status of long overdue trade receivables balances and management's consideration of debtors' specific profiles and risks. We also evaluated management's assumptions and inputs used in the computation of ECL and assessed the reasonableness of management's assumptions used in establishing the forward-looking adjustments by understanding their assessment of future market conditions. We also assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk and liquidity risk in Notes 36(c) and 36(d) to the financial statements.

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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

For the year ended 30 April 2020

To the members of Stamford Tyres Corporation Limited

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), 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.
- 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

For the year ended 30 April 2020

To the members of Stamford Tyres Corporation Limited

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

- 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 Lim Tze Yuen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 August 2020

CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 April 2020
(In Singapore Dollar)

	Note	2020 \$'000	2019 \$'000
Revenue	4	195,705	229,375
Other revenue	5	4,146	4,799
Total revenue		199,851	234,174
Less: Costs and expenditure			
Cost of goods sold	6	151,593	179,335
Salaries and employees benefits	7	20,391	22,891
Marketing and distribution		6,068	7,086
Utilities, repairs and maintenance		5,442	6,031
Finance costs	8	4,406	4,161
Depreciation of property, plant and equipment and right-of-use assets		7,198	4,848
Operating lease rentals	13	1,415	4,186
Impairment loss on financial assets	18	2,471	382
Other operating expenses		4,337	3,316
Total expenditure		(203,321)	(232,236)
Share of results of joint ventures	15	377	297
(Loss)/profit before taxation	9	(3,093)	2,235
Taxation	10	(920)	(1,761)
(Loss)/profit for the financial year		<u>(4,013)</u>	<u>474</u>
Attributable to:			
Equity holders of the Company		<u>(4,013)</u>	<u>474</u>
(Loss)/earnings per share:			
- basic and diluted (cents)	11	<u>(1.70)</u>	<u>0.20</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 April 2020
(In Singapore Dollar)

	2020 \$'000	2019 \$'000
Net (loss)/profit for the financial year	<u>(4,013)</u>	<u>474</u>
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation adjustments arising on consolidation	<u>(433)</u>	<u>(316)</u>
Other comprehensive income for the year, net of tax	<u>(433)</u>	<u>(316)</u>
Total comprehensive income for the year	<u><u>(4,446)</u></u>	<u><u>158</u></u>
Total comprehensive income attributable to:		
Equity holders of the Company	<u><u>(4,446)</u></u>	<u><u>158</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 30 April 2020
(In Singapore Dollar)

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-current assets					
Property, plant and equipment	12	58,275	63,451	-	-
Right-of-use assets	13	8,767	-	-	-
Investment in subsidiaries	14	-	-	44,699	43,746
Amounts due from subsidiary companies	14	-	-	13,810	14,265
Joint venture companies	15	16,728	16,693	2,867	2,867
Associated company	16	246	242	-	-
Deferred tax assets	29	2,658	2,790	-	-
		86,674	83,176	61,376	60,878
Current assets					
Inventories	17	90,064	91,850	-	-
Trade receivables	18	48,294	54,722	-	-
Derivatives	19	313	46	-	25
Other receivables	20	4,958	3,077	208	94
Prepayments and advances	20	2,439	2,501	22	22
Cash and cash equivalents	21	25,730	13,709	277	300
		171,798	165,905	507	441
Less: Current liabilities					
Trade payables	22	14,653	17,445	-	-
Trust receipts (secured)	23	40,947	42,781	-	-
Derivatives	19	165	23	6	-
Other payables	24	15,246	14,672	498	617
Loans (secured)	25	34,333	16,279	-	-
Hire-purchase liabilities	26	150	182	-	-
Provisions	27	441	509	-	-
Lease liabilities	13	1,752	-	-	-
Provision for taxation		1,757	2,487	59	31
		109,444	94,378	563	648
Net current assets/(liabilities)		62,354	71,527	(56)	(207)
Non-current liabilities					
Amounts due to subsidiary companies	14	-	-	22,606	19,087
Hire-purchase liabilities	26	103	73	-	-
Provisions	27	834	834	-	-
Long-term loans (secured)	28	22,207	28,277	-	-
Lease liabilities	13	7,176	-	-	-
Deferred tax liabilities	29	1,703	1,893	108	108
		32,023	31,077	22,714	19,195
		117,005	123,626	38,606	41,476
Equity					
Share capital	30	36,070	35,896	36,070	35,896
Reserves	31	80,935	87,730	2,536	5,580
		117,005	123,626	38,606	41,476

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 April 2020
(In Singapore Dollar)

Note	Equity, total \$'000	Equity attributable to owners of the Company, total \$'000	Share capital \$'000	Revenue reserve \$'000	Other reserves, total \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Discount on acquisition of non-controlling interest \$'000
Group									
Balance at 1 May 2018 <i>(As previously reported)</i>	126,779	126,779	35,722	106,379	(15,322)	446	-	(15,970)	202
Effect of adoption of SFRS(I) 1	(538)	(538)	-	(538)	-	-	-	-	-
Effect of adoption of SFRS(I) 15	(400)	(400)	-	(400)	-	-	-	-	-
Effect of adoption of SFRS(I) 9	(300)	(300)	-	(300)	-	-	-	-	-
Balance at 1 May 2018 <i>(As restated)</i>	125,541	125,541	35,722	105,141	(15,322)	446	-	(15,970)	202
Profit for the financial year	474	474	-	474	-	-	-	-	-
Other comprehensive income for the financial year	(316)	(316)	-	-	(316)	-	-	(316)	-
Total comprehensive income for the financial year	158	158	-	474	(316)	-	-	(316)	-
<i>Contributions by and distributions to owners</i>									
Share issuance under performance share plan	-	-	174	-	(174)	-	(174)	-	-
Share-based compensation expenses	283	283	-	-	283	-	283	-	-
Dividend on ordinary shares 32	(2,356)	(2,356)	-	(2,356)	-	-	-	-	-
Total contributions by and distributions to owners	(2,073)	(2,073)	174	(2,356)	109	-	109	-	-
Balance at 30 April 2019	123,626	123,626	35,896	103,259	(15,529)	446	109	(16,286)	202

The details of the nature of the reserves are set out in Note 31.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

Note	Equity, total \$'000	Equity attributable to owners of the Company, total \$'000	Share capital \$'000	Revenue reserve \$'000	Other reserves, total \$'000	Capital reserve \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Discount on acquisition of non-controlling interest \$'000
Group									
Balance at 1 May 2019	123,626	123,626	35,896	103,259	(15,529)	446	109	(16,286)	202
Loss for the financial year	(4,013)	(4,013)	-	(4,013)	-	-	-	-	-
Other comprehensive income for the financial year	(433)	(433)	-	-	(433)	-	-	(433)	-
Total comprehensive income for the financial year	(4,446)	(4,446)	-	(4,013)	(433)	-	-	(433)	-
<i>Contributions by and distributions to owners</i>									
Share issuance under performance share plan	-	-	174	-	(174)	-	(174)	-	-
Share-based compensation expenses	187	187	-	-	187	-	187	-	-
Transfer from revenue reserve to capital reserve	-	-	-	(59)	59	59	-	-	-
Dividend on ordinary shares 32	(2,362)	(2,362)	-	(2,362)	-	-	-	-	-
Total contributions by and distributions to owners	(2,175)	(2,175)	174	(2,421)	72	59	13	-	-
Balance at 30 April 2020	117,005	117,005	36,070	96,825	(15,890)	505	122	(16,719)	202

The details of the nature of the reserves are set out in Note 31.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

		Equity attributable to owners of the Company, total	Share capital	Revenue reserve	Other reserves, total	Share-based compensation reserve
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Company						
Balance at 1 May 2018		45,819	45,819	35,722	10,097	-
Loss for the financial year		(2,270)	(2,270)	-	(2,270)	-
Total comprehensive income for the financial year		(2,270)	(2,270)	-	(2,270)	-
<i>Contributions by and distributions to owners</i>						
Shares issuance under performance share plan		-	-	174	-	(174)
Share-based compensation expenses		283	283	-	-	283
Dividend on ordinary shares	32	(2,356)	(2,356)	-	(2,356)	-
Total contributions by and distributions to owners		(2,073)	(2,073)	174	(2,356)	109
Balance at 30 April 2019 and 1 May 2019		41,476	41,476	35,896	5,471	109
Loss for the financial year		(695)	(695)	-	(695)	-
Total comprehensive income for the financial year		(695)	(695)	-	(695)	-
<i>Contributions by and distributions to owners</i>						
Shares issuance under performance share plan		-	-	174	-	(174)
Share-based compensation expenses		187	187	-	-	187
Dividend on ordinary shares	32	(2,362)	(2,362)	-	(2,362)	-
Total contributions by and distributions to owners		(2,175)	(2,175)	174	(2,362)	13
Balance at 30 April 2020		38,606	38,606	36,070	2,414	122

The details of the nature of the reserves are set out in Note 31.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

For the financial year ended 30 April 2020
(In Singapore Dollar)

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities:			
(Loss)/profit before taxation		(3,093)	2,235
Adjustments for:			
Depreciation of property, plant and equipment	12	6,804	7,275
Depreciation of right-of-use assets	13	2,651	–
Gain on disposal of property, plant and equipment	9	(16)	(105)
Written-off of property, plant and equipment	9	23	–
Fair value (gain)/loss on derivatives	9	(125)	54
Bad debts recovered	18	(4)	(8)
Share-based compensation expenses		187	283
Foreign currency translation adjustment		(1,075)	(711)
Interest income		(186)	(256)
(Write-back of)/provision for product warranties	27	(19)	206
Write-back of impairment loss on property, plant and equipment	12	(6)	(9)
Interest expense	8	4,406	4,161
Share of results of joint ventures	15	(377)	(297)
Operating cash flows before changes in working capital		9,170	12,828
Decrease/(increase) in inventories		1,786	(3,945)
Decrease in receivables		4,613	6,932
Decrease in payables		(2,272)	(11,862)
Cash flows from operations		13,297	3,953
Interest received		186	256
Interest paid		(4,406)	(4,161)
Income tax paid		(1,708)	(2,071)
Net cash flows generated from/(used in) operating activities		7,369	(2,023)
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		192	857
Dividend received from joint venture company	15	1,051	1,042
Purchase of property, plant and equipment		(1,765)	(2,604)
Net cash flows used in investing activities		(522)	(705)
Cash flows from financing activities:			
Proceeds from long-term loans		4,000	–
(Repayment of)/proceeds from trust receipts		(1,607)	1,549
Proceeds from short-term loans		12,983	1,104
Repayment of hire purchase creditors		(159)	(887)
Dividend paid to shareholders		(2,362)	(2,356)
Repayment of long-term loans		(4,945)	(4,492)
Principal element of lease payments		(2,370)	–
Net cash flows generated from/(used in) financing activities		5,540	(5,082)
Net increase/(decrease) in cash and cash equivalents		12,387	(7,810)
Cash and cash equivalents at beginning of financial year		13,709	21,877
Effects of exchange rate changes on cash and cash equivalents at beginning of financial year		(366)	(358)
Cash and cash equivalents at end of financial year	21	<u>25,730</u>	<u>13,709</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020
(In Singapore Dollar)

1. Corporation information

Stamford Tyres Corporation Limited is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

Its registered office and principal place of business is at 19 Lok Yang Way, Singapore 628635.

The principal activity of the Company is that of an investment holding company and the principal activities of the subsidiary companies consist of the wholesale and retail of tyres and wheels, design and contract manufacturing of tyres for proprietary brands, tyre retreading, equipment trading, servicing of motor vehicles, and manufacturing and sale of aluminium alloy wheels. Details of the subsidiary companies are set out in Note 41.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on a historical cost basis except for certain financial instruments and financial assets that have been measured at their fair values.

The financial statements are presented in Singapore Dollar ("S\$") and all values are rounded to the nearest thousand ("S\$'000") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 May 2019, including the adoption of SFRS(I) 16 Leases. Except for the impact arising from the adoption of SFRS(I) 16 described below, the adoption of these new and revised standards did not have any material effect on the financial performance or position of the Company.

SFRS(I) 16 Leases

The Group has adopted SFRS(I) 16 Leases with effect from 1 May 2019. The standard introduces a single lease accounting model for leases. The Group has adopted SFRS(I) 16 retrospectively with any applicable cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 May 2019. The Group has elected not to restate comparative amount for the 2019 reporting period as permitted under the specific transition provision in the standard.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.2 Changes in accounting policies (cont'd)

SFRS(I) 16 Leases (cont'd)

The Group has elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 May 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics
- exclusion of initial direct costs from the measurement of right-of-use asset at the initial date of adoption.

Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and low-value assets. Refer to Note 2.8 Leases for the accounting policy beginning 1 May 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group has measured right-of-use assets at an amount equal to the lease liabilities at \$10,902,000 on balance sheet related to Group's existing operating lease portfolio at 1 May 2019.

	\$'000
Operating lease commitments as at 30 April 2019	13,567
Weighted average incremental borrowing rate as at 1 May 2019	<u>3.90%</u>
Discounted operating lease commitments as at 1 May 2019	11,268
Less:	
Commitments relating to short-term and low-value assets leases	<u>(366)</u>
Lease liabilities as at 1 May 2019	<u><u>10,902</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to Illustrative Examples, Implementations Guidance and SFRS(I) Practice Statements	1 January 2020
Amendments to SFRS(I) 3: <i>Definition of a Business</i>	1 January 2020
Amendments to SFRS(I) 1 and SFRS(I) 8: <i>Definition of Material</i>	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform	1 January 2020
Amendment to SFRS(I) 16: Covid-19-Related Rent Concessions	1 June 2020
SFRS(I) 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	To be determined

The Directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill (cont'd)*

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 *Transactions with non-controlling interest*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and 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 interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The Group's consolidated financial statements are presented in Singapore Dollar, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on monetary items that for part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.6 Foreign currency (cont'd)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollar ("SGD") at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.19.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

The initial cost of property, plant and equipment comprises its net purchase price after deducting for any trade discount and rebates, including import duties and non-refundable purchase taxes, any directly attributable costs of bringing the asset to its working condition and location for its intended use. The costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period of purposes other than to produce inventories during that period are capitalised. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to profit or loss in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.7 Property, plant and equipment (cont'd)

Depreciation is calculated so as to write off the cost of the assets on a straight line basis over the estimated useful lives of the assets concerned. The principal rates used for this purpose are:

Leasehold land and buildings	–	over their lease period, ranging from 1.7% to 5.6% per annum
Leasehold improvements	–	5% to 10% per annum
Motor vehicles	–	20% per annum
Plant and equipment	–	10% to 20% per annum
Computer hardware and software	–	33⅓% per annum
Furniture and fittings	–	10% per annum

Freehold land has an unlimited useful life and is therefore not depreciated. No depreciation is provided for construction-in-progress until it is completed and available for use.

Depreciation expense is charged in profit or loss up to the month of disposal or write-off. Fully depreciated assets are retained in the financial statements until they are no longer 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 value, useful life and depreciation method are reviewed at the end of each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Leases

a) *Effective before 1 May 2019*

As lessee (Operating leases)

Leases where substantially all the risks and benefits of ownership of the lease effectively remain with the lessor are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

b) *Effective from 1 May 2019*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.8 Leases (cont'd)

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.9 Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Note 13.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.8 Leases (cont'd)

Lease liabilities (cont'd)

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses. Details of the subsidiary companies are set out in Note 41.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.11 *Joint ventures and associate*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group account for its investments in associate and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint ventures. The profit or loss reflects the share of results of the operations of the associate or joint ventures. Distributions received from joint ventures or associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The most recent available audited financial statements of the associated companies or joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognises the retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.11 *Joint ventures and associate (cont'd)*

If the Group's ownership interest in an associate or joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investments in associated companies or joint ventures are accounted for at cost less impairment losses. Details of the associated company and joint ventures are set out in Note 41.

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(ii) Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

(iii) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.12 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default ("a lifetime ECL").

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group determines impairment of trade receivables by making debtor-specific assessment of expected credit loss, and uses a provision matrix for the remaining group of debtors that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic conditions.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group uses the probability of default approach for non-trade amounts and loans due from ultimate holding company and related companies. To estimate the loss allowance for credit losses, the Group perform recoverability assessments to derive the difference between contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, including cash flows from the sale of collateral that are integral to the contractual terms. The fair value of the collateral and forecast economic conditions in the recoverability assessment is a significant estimate where changes in which can result in different levels of allowances.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost method and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured and retread products, and work-in-progress, cost includes all direct expenditure and production overheads based on normal operating capacity. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from the existing state to a finished condition.

An allowance is made where necessary for obsolete, slow moving and defective inventories.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 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. Grants in respect of specific expenses are taken to profit or loss in the same year as the relevant expenses.

2.18 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.19 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

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

(c) *Performance share plan*

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the awards at the date on which the awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period is recognised in employee benefits expense.

The employee share-based payment reserve is transferred to retained earnings upon expiry of the share plan.

2.21 *Hire-purchases*

Hire-purchases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the hire-purchase item, are capitalised at the present value of the minimum hire-purchase payments at the inception of the hire-purchase term. Any initial direct costs are also added to the amount capitalised. Hire-purchase payments are apportioned between the finance charges and reduction of the hire-purchase liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Depreciation on the relevant assets is charged to profit or loss on the basis outlined in Note 2.7.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.22 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sales and services of tyres and wheels

The Group sells and provides services of tyres and wheels. Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price.

The Group accounts for promised services to be performed in the future as a separate performance obligation to which the Group allocates a portion of the transaction price. The portion of the transaction price allocated to the promised services to be performed in the future is initially recorded as a contract liability and recognised as revenue when the obligation fulfilled.

For its bill-and-hold arrangements, even though the Group has not yet delivered the goods to the customer, it has satisfied its performance obligation as control of the good has been transferred to the customer, and all of the following criteria are met: the reason for the bill-and-hold arrangement is substantive, the product is identified separately as belonging to the customer, the product currently is ready for physical transfer to the customer, and the Group does not have the ability to use the good or to direct it to another customer.

(b) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payments is established.

(d) Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.23 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associate and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of the deductible temporary differences associated with investments in subsidiaries, associate and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.23 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or acquisition.

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the 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 balance sheet.

2.24 *Derivative financial instruments*

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to manage its risks associated with foreign currency and interest rate fluctuations.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

2.25 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their regions which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 *Dividends*

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.28 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Useful lives of leasehold improvements, motor vehicles and plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over their respective estimated economic useful lives. Management estimates the useful lives of these leasehold improvement, motor vehicle and plant and equipment to be within 3 to 20 years. The carrying amount of the Group's total leasehold improvement, motor vehicles and plant and equipment as at 30 April 2020 was \$13,601,000 (2019: \$16,734,000). Changes in the expected level of usage, technological developments as well as consumer preferences could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised and could have an impact on the profit in future years.

(ii) Allowance for inventories' obsolescence

Allowance for inventories' obsolescence is estimated based on the best available facts and circumstances at the end of each reporting period, including but not limited to, the inventories' own physical conditions, their expected market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The allowance is re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the inventories as at 30 April 2020 is \$90,064,000 (2019: \$91,850,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

3. Significant accounting estimates and judgements (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

(iii) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. In prior year, impairment loss of \$1,200,000 in the investment in a joint venture and an impairment loss of \$2,805,000 (2019: \$2,000,000) in the investment in a subsidiary was recognised for the Company in the financial year, further details are given in Note 14 and Note 15 to the financial statements.

(iv) Allowance for expected credit loss of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of the Group's trade receivables after allowance for expected credit loss as at 30 April 2020 is \$48,294,000 (2019: \$54,722,000).

The information about the ECLs on the Group's trade receivables are disclosed in Note 36(c).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

3. Significant accounting estimates and judgements (cont'd)

(b) *Critical judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(i) Income taxes

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's provision for taxation, deferred tax assets and deferred tax liabilities at 30 April 2020 were \$1,757,000 (2019: \$2,487,000), \$2,658,000 (2019: \$2,790,000) and \$1,703,000 (2019: \$1,893,000), respectively.

(ii) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

4. Revenue

	Group	
	2020	2019
	\$'000	\$'000
Tyres and wheels:		
- Wholesale and distribution	153,664	183,488
- Retail and fleet	42,041	45,887
	<u>195,705</u>	<u>229,375</u>

The satisfaction of performance obligation of the above revenue stream is at a point in time.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

4. Revenue (cont'd)

Judgement and methods used in estimating revenue

For sale of tyres with complementary services, the Group uses its historical experience with the utilisation rates to estimate the number of tyre rotation services that are expected to be provided in the future.

For bill and hold sales of tyres, management has exercised judgement in the estimation of the amount of expected custodial services revenue that have yet to be earned. In making these estimates, management takes into consideration warehouse rental rates based on geographical areas, space required and duration of rent.

Contract liabilities

Information about receivables and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2020	2019
	\$'000	\$'000
Receivables from contracts with customers (Note 18)	48,294	54,722
Contract liabilities (Note 22)	<u>868</u>	<u>1,483</u>

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for sale of bill and hold tyres, sale of tyres with complementary services and advances received from customers. Contract liabilities are recognised as revenue as the Group performs under the contract. Significant changes in contract liabilities is due to a change in time frame for a performance obligation to be satisfied.

Transaction price allocated to remaining performance obligation

The Group expects to recognise \$766,000 (2019: \$1,377,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 April 2020 (2019: 30 April 2019) within one year and \$102,000 (2019: \$106,000) more than one year.

5. Other revenue

	Group	
	2020	2019
	\$'000	\$'000
Interest income from bank deposits	186	256
Sundry income	2,185	2,654
Logistic service income	1,738	1,846
Government grants in respect of Jobs Credit Scheme	<u>37</u>	<u>43</u>
	<u>4,146</u>	<u>4,799</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

6. Cost of goods sold

	Group	
	2020	2019
	\$'000	\$'000
Inventories recognised as an expense in cost of goods sold	<u>145,635</u>	<u>172,531</u>

7. Salaries and employee benefits

	Group	
	2020	2019
	\$'000	\$'000
Employee benefits expenses (including Executive Directors):		
- Salaries, wages and bonuses	18,900	21,358
- Contributions to defined contribution plans	1,036	1,096
- Share-based compensation expense	187	283
- Others	3,969	4,531
	<u>24,092</u>	<u>27,268</u>

Employee benefits are included in the following line items in profit or loss:

- Cost of goods sold	3,701	4,377
- Salaries and employee benefits	20,391	22,891
	<u>24,092</u>	<u>27,268</u>

Due to the Covid-19 pandemic, the Group has received government support through wage-related subsidies for one of its subsidiaries during the year. The Group has recognised \$326,000 of government grant income within "Salaries, wages and bonuses" line item.

Performance share plan

In accordance with the STC Performance Share Plan 2017 ("PSP 2017"), eligible performance share plan holders of the Company accepted the grant of the Award of shares during the financial year. For the award granted on 29 November 2018, 33% of the awards vested on the date of grant, 33% of the awards vests on 29 November 2019, and the remaining of the awards vests on 30 November 2020. There are no cash settlement alternatives. The awards are to be settled by delivery of the Company's shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

7. Salaries and employee benefits (cont'd)

Movement of Awards during the financial year

The following table illustrates the number of and movements in shares during the financial year:

	2020 No.	2019 No.
Outstanding at 1 May		
- Granted	1,200,000	1,800,000
- Vested	(600,000)	(600,000)
Outstanding at 30 April	<u>600,000</u>	<u>1,200,000</u>

The fair values of the performance shares are based on the share price of the Company as at the date of the grant.

8. Finance costs

	Group	
	2020 \$'000	2019 \$'000
Interest expense on financial liabilities carried at amortised cost:		
- Bank overdrafts, trust receipts and hire-purchase liabilities	2,494	2,627
- Bank loans	1,595	1,534
- Lease liabilities	317	-
	<u>4,406</u>	<u>4,161</u>

9. (Loss)/profit before taxation

(Loss)/profit before taxation is stated after charging/(crediting):

		Group	
	Note	2020 \$'000	2019 \$'000
Depreciation of property, plant and equipment (inclusive of charges included in cost of goods sold)	12	6,804	7,275
Depreciation of right-of-use assets	13	2,651	-
Foreign exchange loss		1,028	973
Write-back of allowance for inventory obsolescence		(226)	(789)
Fair value (gain)/loss on derivatives		(125)	54
Gain on disposal of property, plant and equipment		(16)	(105)
Written-off of property, plant and equipment		23	-
Bad debts recovered	18	(4)	(8)
Allowance for expected credit loss	18	2,471	382
Audit fees:			
- Auditors of the Company		429	436
- Other auditors		148	158
		<u>148</u>	<u>158</u>

There are no non-audit fees paid to the auditors of the Company during the current and preceding financial years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

10. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 30 April 2020 and 2019 are:

	Note	Group	
		2020 \$'000	2019 \$'000
Income statement			
Current income taxation			
- Current year		861	1,611
- Under/(Over)-provision of tax in respect of prior years		122	(56)
		983	1,555
Deferred income taxation			
- Origination and reversal of temporary differences	29	(250)	(260)
- Under-provision of tax in respect of prior years	29	178	398
		(72)	138
Withholding tax		9	68
Income tax expenses recognised in profit or loss		920	1,761

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 April 2020 and 2019 are as follows:

	Group	
	2020 \$'000	2019 \$'000
(Loss)/profit before taxation	(3,093)	2,235
Less: Share of results of joint ventures*	(377)	(297)
	(3,470)	1,938
Taxation at statutory tax rate of 17% (2019: 17%)	(590)	329
Adjustments:		
- Effects of different tax rates in other countries	(252)	11
- Expenses not deductible for income tax purposes	886	598
- Deferred tax assets not recognised in the current year	584	628
- Partial tax exemption and tax relief	(34)	(34)
- Withholding tax	9	68
- Others	17	(181)
- Under-provision of tax in respect of prior years	300	342
Taxation	920	1,761

* These are presented net of tax in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

10. Taxation (cont'd)

Relationship between tax expense and accounting profit (cont'd)

As at 30 April 2020, the Group, primarily through its subsidiary companies, has unutilised tax losses of approximately \$27,111,000 (2019: \$27,216,000) which may, subject to the agreement with the relevant tax authorities, be carried forward and utilised to set-off against future taxable profits. Except for an amount of \$7,301,000 (2019: \$8,559,000) which would expire in between 2021 and 2028 (2019: between 2020 and 2027), there is no time limit imposed on the utilisation of the remaining tax losses. The potential tax benefit of approximately \$7,714,000 (2019: \$7,584,000) arising from the unutilised tax losses has not been recognised in the financial statements due to the uncertainty of its recoverability.

11. (Loss)/earnings per share

The following tables reflect the profit and share data used in the computation of basic and diluted (loss)/earnings per share for the years ended 30 April:

	Group	
	2020	2019
	\$'000	\$'000
<i>Group earnings used for the calculation of (loss)/earnings per share:</i>		
(Loss)/profit net of tax attributable to Owners of the Company used in the computation of basic (loss)/earnings per share	<u>(4,013)</u>	<u>474</u>
	'000	'000
<i>Number of shares used for the calculation of basic and diluted (loss)/earnings per share:</i>		
Weighted average number of ordinary shares in issue used for the calculation of basic (loss)/earnings per share	<u>236,486</u>	<u>235,786</u>

Basic (loss)/earnings per share is calculated on the Group's profit for the financial year attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

Diluted (loss)/earnings per share is calculated on the same basis as basic (loss)/earnings per share as there are no dilutive potential ordinary shares as at 30 April 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

12. Property, plant and equipment

Group	Freehold land	Freehold building	Leasehold land and buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Cost:</i>							
At 1 May 2018	13,755	542	53,882	10,946	89,055	7,852	176,032
Foreign currency translation adjustment	(254)	16	(48)	62	595	(127)	244
Additions	14	-	46	205	2,208	104	2,577
Disposals/write-off	(558)	(558)	(48)	(5)	(2,772)	(175)	(4,116)
At 30 April 2019 and 1 May 2019	12,957	-	53,832	11,208	89,086	7,654	174,737
Foreign currency translation adjustment	(166)	-	(53)	81	854	(231)	485
Additions	-	-	128	301	1,181	338	1,948
Disposals/write-off	-	-	-	(60)	(1,421)	(404)	(1,885)
Reclassification	(211)	-	211	-	-	-	-
At 30 April 2020	12,580	-	54,118	11,530	89,700	7,357	175,285
<i>Accumulated depreciation and impairment:</i>							
At 1 May 2018	-	376	18,185	8,435	74,621	5,260	106,877
Foreign currency translation adjustment	-	11	20	39	528	(91)	507
Charge for the financial year	-	11	1,924	677	3,797	866	7,275
Write-back of impairment loss	-	-	(9)	-	-	-	(9)
Disposals/write-off	-	(398)	(48)	(5)	(2,755)	(158)	(3,364)
At 30 April 2019 and 1 May 2019	-	-	20,072	9,146	76,191	5,877	111,286
Foreign currency translation adjustment	-	-	24	86	701	(199)	612
Charge for the financial year	-	-	1,934	641	3,524	705	6,804
Write-back of impairment loss	-	-	(6)	-	-	-	(6)
Disposals/write-off	-	-	-	(50)	(1,342)	(294)	(1,686)
At 30 April 2020	-	-	22,024	9,823	79,074	6,089	117,010
<i>Net book value:</i>							
At 30 April 2020	12,580	-	32,094	1,707	10,626	1,268	58,275
At 30 April 2019	12,957	-	33,760	2,062	12,895	1,777	63,451

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

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

Depreciation charge included in cost of goods sold

Depreciation charge amounting to \$2,257,000 (2019: \$2,427,000) was included in cost of goods sold during the financial year.

Assets pledged as security

The Group's property, plant and equipment with a total net book value of \$44,280,000 as at 30 April 2020 (2019: \$44,639,000) are subject to legal mortgages and floating charges referred to in Notes 25 and 28.

Assets held under hire-purchase

Additions to plant and equipment for the financial year includes \$183,000 (2019: Nil) acquired under hire-purchase agreements. The carrying amount of plant and equipment acquired under hire-purchase agreements amounted to \$295,000 as at 30 April 2020 (2019: \$559,000). These assets are pledged as security for the related hire-purchase liabilities referred to in Note 26.

13. Leases

The Group's leases consist primarily of leasehold land, buildings and motor vehicles. The Group also has certain leases of buildings and office equipment with lease terms of 12 months or less. The Group applies the 'short term lease' recognition exemptions for these leases.

	2020 \$'000
<i>a) Right-of-use assets – carrying amount</i>	
Leasehold land	6,680
Buildings/Warehouse	1,846
Motor vehicles	241
	<u>8,767</u>
<i>b) Depreciation charge during the year</i>	
Leasehold land	483
Buildings/Warehouse	1,894
Motor vehicles	274
	<u>2,651</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

13. Leases (cont'd)

	2020 \$'000
<i>c) Lease liabilities – carrying amount</i>	
Current	1,752
Non-current	7,176
	<u>8,928</u>
<i>d) Interest expense on lease liabilities</i>	<u>317</u>
<i>e) Lease expenses not capitalised in lease liabilities</i>	
Expense relating to short-term leases	1,373
Expense relating to low value leases	42
	<u>1,415</u>
<i>f) Total cash outflow relating to leases</i>	<u>4,102</u>
<i>g) Addition to right-of-use assets during the year</i>	<u>678</u>

14. Investment in subsidiaries and amounts due from/(to) subsidiary companies

	Note	Company	
		2020 \$'000	2019 \$'000
<i>Cost of investment</i>			
Unquoted equity shares, at cost	41	86,862	83,104
Less: Impairment loss		(42,163)	(39,358)
		<u>44,699</u>	<u>43,746</u>
 Movement in impairment loss accounts:			
At 1 May		39,358	37,358
Charge for the financial year		2,805	2,000
At 30 April		<u>42,163</u>	<u>39,358</u>

During the year, The Company carried out an impairment assessment on the recoverable amount of its investments in subsidiaries. An impairment loss of \$2,805,000 (2019: \$2,000,000 in a different subsidiary) for the investment in subsidiary was recognised in "Other operating expenses" line item of profit or loss of the Company for the financial year as its carrying amount exceeded the fair value based on the net assets value of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

14. Investment in subsidiaries and amounts due from/(to) subsidiary companies (cont'd)

	Company	
	2020 \$'000	2019 \$'000
<i>Amounts due from/(to) subsidiary companies</i>		
Loan to a subsidiary company (unsecured)	13,767	13,767
Amounts due from subsidiary companies (non-trade)	4,003	4,332
	<u>17,770</u>	<u>18,099</u>
Less: Allowance for expected credit loss	(3,960)	(3,834)
Amounts due from subsidiary companies	<u>13,810</u>	<u>14,265</u>
Amounts due to subsidiary companies (non-trade)		
- Non-current	(22,606)	(19,087)
	<u>(22,606)</u>	<u>(19,087)</u>

Movement in allowance for expected credit loss on non-trade receivables amounts due from subsidiary companies:

At 1 May	3,834	3,728
Allowance for the financial year	126	106
At 30 April	<u>3,960</u>	<u>3,834</u>

For the year ended 30 April 2020, an impairment loss of \$126,000 (2019: \$106,000) was recognised in profit or loss of the Company following a debt recovery assessment performed on amounts due from subsidiary companies as at 30 April 2020 and 2019, respectively.

The amounts due from subsidiary companies (non-trade) are unsecured, non-interest bearing and repayable upon demand and are to be settled in cash.

The loan to a subsidiary company is unsecured, bears fixed interest at 2.89% (2019: 2.89%) per annum, with no repayment terms and is repayable only when the cash flows of the subsidiary company permits. The amount is not expected to be repaid in the next twelve months as the subsidiary company cannot repay this loan to the Company until the subsidiary company has repaid certain term loans it obtained from the banks (Note 28).

Details of the subsidiary companies are set out in Note 41.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

15. Joint venture companies

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Tyre Pacific (HK) Limited	16,196	15,483	1,571	1,571
Falken Tyre India Private Limited	532	1,210	1,296	1,296
	<u>16,728</u>	<u>16,693</u>	<u>2,867</u>	<u>2,867</u>

In the current year, the Company carried out an impairment assessment on the recoverable amount of its investments in joint ventures and have assessed that the current book values at Group and Company levels are appropriate.

In prior year, impairment loss of \$1,200,000 for the investment in joint venture was recognised in "Other operating expenses" line item of profit or loss of the Company for the financial year as its carrying amount exceeded its recoverable amount determined on its value-in-use. In determining the value-in-use, a pre-tax discount rate of 14.5% was applied.

Movement in investment in joint ventures during the year:

	Group	
	2020 \$'000	2019 \$'000
At 1 May	16,693	17,049
Share of total comprehensive income	377	297
Dividends received	(1,051)	(1,042)
Exchange and other adjustments	709	389
At 30 April	<u>16,728</u>	<u>16,693</u>

Analysis of total comprehensive income

Profit or loss after tax from continuing operations

	Group	
	2020 \$'000	2019 \$'000
Tyre Pacific (HK) Limited	1,025	1,008
Falken Tyre India Private Limited	(648)	(711)
Total comprehensive income	<u>377</u>	<u>297</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

15. Joint venture companies (cont'd)

	Tyre Pacific (HK) Limited		Falken Tyre India Private Limited	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Summarised balance sheet</i>				
Cash and cash equivalents	27,158	16,570	283	2,360
Other current assets	18,520	18,158	5,840	6,835
Total current assets	45,678	34,728	6,123	9,195
Non-current assets	4,430	7,144	838	143
Total assets	50,108	41,872	6,961	9,338
Current financial liabilities (excluding trade, other payables and provisions)	7,542	4,430	1,310	-
Other current liabilities	10,174	6,476	2,918	4,615
Total current liabilities	17,716	10,906	4,228	4,615
Non-current financial liabilities (excluding trade, other payables and provisions)	-	-	1,288	1,540
Other non-current liabilities	-	-	115	158
Total non-current liabilities	-	-	1,403	1,698
Total liabilities	17,716	10,906	5,631	6,313
Net assets	32,392	30,966	1,330	3,025
<i>Summarised statement of comprehensive income</i>				
Revenue	31,654	31,308	17,895	18,708
Cost of goods sold	(23,956)	(23,358)	(12,600)	(12,900)
Depreciation and amortisation	(1,376)	(356)	(180)	(109)
Interest expense	(314)	(148)	(5)	(23)
Other expenditure	(3,688)	(4,808)	(6,730)	(7,453)
Profit/(loss) before tax	2,320	2,638	(1,620)	(1,777)
Income tax expense	(270)	(622)	-	-
Total comprehensive income	2,050	2,016	(1,620)	(1,777)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

15. Joint venture companies (cont'd)

A reconciliation of the summarised financial information to the carrying amounts of Tyre Pacific (HK) Limited and Falken Tyre India Private Limited is as follows:

	2020 \$'000	2019 \$'000
<i>Tyre Pacific (HK) Limited</i>		
Group share of 50% of net assets	<u>16,196</u>	<u>15,483</u>
<i>Falken Tyre India Private Limited</i>		
Group share of 40% of net assets	<u>532</u>	<u>1,210</u>

Details of the joint venture companies are set out in Note 41.

16. Associated company

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Unquoted equity shares, at cost	72	72	72	72
Share of post-acquisition reserves	341	341	-	-
Foreign currency translation adjustment	(167)	(171)	-	-
	<u>246</u>	<u>242</u>	<u>72</u>	<u>72</u>
Less: Impairment loss	-	-	(72)	(72)
	<u>246</u>	<u>242</u>	<u>-</u>	<u>-</u>

The summarised financial information of the associated company is as follows:

	2020 \$'000	2019 \$'000
<i>Assets and liabilities:</i>		
Total assets	506	496
Total liabilities	(3)	(3)
Net assets	<u>503</u>	<u>493</u>

Details of the associated company are set out in Note 41.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

17. Inventories

	Group	
	2020	2019
	\$'000	\$'000
Inventories for sale	82,929	83,226
Raw materials	6,196	7,262
Work-in-progress - aluminium alloy wheels	939	1,362
Total inventories at lower of cost or net realisable value	<u>90,064</u>	<u>91,850</u>
Inventories for sale are stated after deducting allowance for obsolescence of:	<u>10,279</u>	<u>10,761</u>

18. Trade receivables

	Group	
	2020	2019
	\$'000	\$'000
External parties	55,824	59,890
Amount due from joint venture company	-	32
Less: Allowance for expected credit loss	(7,530)	(5,200)
	<u>48,294</u>	<u>54,722</u>
Bad debts recovered	<u>(4)</u>	<u>(8)</u>

Trade receivables are denominated in the following currencies:

Ringgit Malaysia	13,709	17,183
Indonesian Rupiah	11,815	8,710
Singapore Dollar	5,622	8,518
Thai Baht	4,891	7,665
United States Dollar	3,492	3,593
South African Rand	2,375	2,315
Hong Kong Dollar	1,971	881
Euro	1,690	2,206
Australian Dollar	1,569	2,331
Others	1,160	1,320
	<u>48,294</u>	<u>54,722</u>

External trade receivables and amount due from joint venture company are non-interest bearing which are generally on 30 to 120 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. At the end of the reporting period, trade receivables arising from export sales amounting to \$908,000 (2019: \$479,000) are supported by letters of credits issued by banks in countries where the customers are based.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

18. Trade receivables (cont'd)

Expected credit loss

The movement in allowance for expected credit loss of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Movement in allowance accounts:		
At 1 May	5,200	5,681
Charge for the year	2,471	382
Written off	(54)	(828)
Exchange differences	(87)	(35)
At 30 April	<u>7,530</u>	<u>5,200</u>

19. Derivatives

		Group			
		Fair value			
		Assets	Liabilities	Assets	Liabilities
		2020	2020	2019	2019
	\$'000	\$'000	\$'000	\$'000	
Non-hedging instrument					
- Forward currency contracts	(a)	313	(165)	30	(23)
- Interest rate swap	(b)	-	-	16	-
		<u>313</u>	<u>(165)</u>	<u>46</u>	<u>(23)</u>

		Company			
		Fair value			
		Assets	Liabilities	Assets	Liabilities
		2020	2020	2019	2019
	\$'000	\$'000	\$'000	\$'000	
Non-hedging instrument					
- Forward currency contracts	(a)	-	(6)	25	-

(a) *Foreign exchange forward contracts*

The Group and the Company use foreign currency contracts to manage the risk against currency fluctuations in connection with payments to overseas suppliers and receipts from overseas customers and inter-company receivables and payables. The contractual amounts to be paid or received and contractual exchange rates of the outstanding contracts at the end of each reporting period are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

19. Derivatives (cont'd)

	Group	
	Contractual/notional amounts	
	2020	2019
	\$'000	\$'000
To sell Singapore Dollar for:		
- United States Dollar	677	704
- Euro	461	1,314
	<u>1,138</u>	<u>2,018</u>
To sell South African Rand for:		
- United States Dollar	<u>760</u>	<u>-</u>
To sell Thai Baht for:		
- United States Dollar	62	54
- Singapore Dollar	293	-
	<u>355</u>	<u>54</u>
To buy Singapore Dollar for:		
- Australian Dollar	4,833	6,179
- United States Dollar	5,142	5,046
- South African Rand	1,240	1,557
- Euro	1,354	1,202
	<u>12,569</u>	<u>13,984</u>
To buy Thai Baht for:		
- United States Dollar	3,895	3,311
- Singapore Dollar	143	-
- Euro	82	18
	<u>4,120</u>	<u>3,329</u>
	Company	
	Contractual/notional amounts	
	2020	2019
	\$'000	\$'000
To buy Singapore Dollar for Australian Dollar	<u>2,256</u>	<u>2,378</u>

(b) Interest rate swap

The subsidiary company entered into interest rate swap of \$8,000,000 in 2017 to manage its exposure to interest rate fluctuation. The interest rate swap pays floating rate interest equal to 1-month Swap Offer Rate ("SOR") and receives a fixed rate of interest of 1.27% per annum. This interest rate swap matured on 15 August 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

20. Other receivables, prepayments and advances

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial assets				
Amounts due from:				
- Joint venture company	61	58	61	58
- Shareholders of subsidiary companies	-	-	244	244
Sundry receivables	4,436	2,398	112	1
Deposits to suppliers	579	716	-	-
Staff loans	92	115	-	-
	<u>5,168</u>	<u>3,287</u>	<u>417</u>	<u>303</u>
Less: Allowance for expected credit loss	(210)	(210)	(209)	(209)
	<u>4,958</u>	<u>3,077</u>	<u>208</u>	<u>94</u>
Non-financial assets				
<i>Prepayments and advances</i>				
Prepaid operating expenses	1,381	1,428	22	22
Advance payment for purchases	1,058	1,073	-	-
	<u>2,439</u>	<u>2,501</u>	<u>22</u>	<u>22</u>

Movement in allowance accounts:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 May	210	210	209	209
(Write-back)/provision for the year	-	-	-	-
At 30 April	<u>210</u>	<u>210</u>	<u>209</u>	<u>209</u>

The non-trade amounts due from the joint venture company and shareholders of subsidiary companies are unsecured, interest-free and are repayable on demand. The amounts are to be settled in cash.

The deposits to suppliers are unsecured and interest-free. The deposits are refundable at the end of the manufacturing contracts.

Staff loans are unsecured, bear interest at rates at 6.50% (2019: 6.50%) per annum and repayable within the next 12 months.

The advance payment for purchases is unsecured, interest-free and is deductible against the amount payable on purchases from these suppliers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

21. Cash and cash equivalents

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash at bank and on hand	<u>25,730</u>	<u>13,709</u>	<u>277</u>	<u>300</u>

Cash and cash equivalents are denominated in the following currencies:

Thai Baht	8,885	2,132	-	-
Ringgit Malaysia	7,616	2,358	-	-
Singapore Dollar	2,851	2,078	272	294
Hong Kong Dollar	2,255	1,044	-	-
South African Rand	1,791	2,431	-	-
Vietnamese Dong	662	120	-	-
United States Dollar	608	506	5	6
Indonesian Rupiah	455	1,559	-	-
Chinese Renminbi	22	1,080	-	-
Others	585	401	-	-
	<u>25,730</u>	<u>13,709</u>	<u>277</u>	<u>300</u>

Cash at bank earns interest at floating rates based on daily bank deposits rates ranging from 0.01% to 2.65% (2019: 0.01% to 2.00%) per annum.

22. Trade payables

	Group	
	2020 \$'000	2019 \$'000
External parties	13,283	15,303
Contract liabilities (Note 4)	868	1,483
Others	502	659
	<u>14,653</u>	<u>17,445</u>

Trade payables are denominated in the following currencies:

United States Dollar	3,160	2,420
Ringgit Malaysia	2,855	3,498
Singapore Dollar	2,843	3,183
Indonesian Rupiah	2,426	1,323
South African Rand	1,615	1,659
Euro	594	1,841
Australian Dollar	481	1,037
Thai Baht	303	459
Others	376	2,025
	<u>14,653</u>	<u>17,445</u>

These amounts are non-interest bearing. Trade payables are normally settled on 120 days terms.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

23. Trust receipts (secured)

Trust receipts have maturity dates of up to 6 (2019: 6) months and are secured by corporate guarantees from the Company, a negative pledge over the assets, excluding its leasehold buildings, of subsidiary companies. These facilities are subject to compliance with certain financial covenants.

The trust receipts bear interest at rates ranging from 1.76% to 12.5% (2019: 2.56% to 12.50%) per annum. The weighted average interest rate of the Group's trust receipts is 6.12% (2019: 5.31%) per annum.

Trust receipts are denominated in the following currencies:

	Group	
	2020	2019
	\$'000	\$'000
Singapore Dollar	14,557	13,497
Indonesian Rupiah	11,039	6,830
Thai Baht	7,745	7,238
Ringgit Malaysia	2,874	5,318
United States Dollar	2,666	7,725
South African Rand	1,251	743
Australian Dollar	815	1,430
	<u>40,947</u>	<u>42,781</u>

24. Other payables

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<i>Financial liabilities</i>				
Amounts due to associated company	315	311	89	89
Payroll and staff related expenses	3,623	3,651	-	-
Sundry payables	4,417	4,372	-	-
Accrued operating expenses	6,891	6,338	409	528
	<u>15,246</u>	<u>14,672</u>	<u>498</u>	<u>617</u>

The non-trade amounts due to the associated company are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

25. Loans (secured)

	Note	Group	
		2020	2019
		\$'000	\$'000
Short-term loans (revolving credit facilities)		17,355	4,339
Long-term loans - current portion	28	16,978	11,940
		<u>34,333</u>	<u>16,279</u>

The short-term loans are secured by negative pledge over the assets of certain subsidiary companies, excluding their hire-purchase assets, and corporate guarantees from the Company. The short-term loans bear interest at rates ranging from 2.60% to 7.00% (2019: 2.95% to 7.00%) per annum. The weighted average interest rate of the Group's short-term loans is 3.72% (2019: 3.85%) per annum.

Short-term loans are denominated in the following currencies:

	Group			
	Effective interest rate		2020	2019
	2020	2019		
	%	%	\$'000	\$'000
Thai Baht loans	3.46	3.98	7,272	853
Singapore Dollar loans	3.21	3.57	9,000	3,000
Vietnamese Dong loans	7.78	5.73	757	486
Malaysian Ringgit loans	3.71	-	326	-
			<u>17,355</u>	<u>4,339</u>

26. Hire-purchase liabilities

The future minimum payments under hire-purchase agreements to acquire motor vehicles and plant and equipment are as follows:

	Group			
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	2020	2020	2019	2019
	\$'000	\$'000	\$'000	\$'000
Within one year	175	150	195	182
After one year but not more than five years	116	103	83	73
Total minimum hire-purchase payments	291	253	278	255
Less: Amounts representing finance charges	(38)	-	(23)	-
Present value of minimum hire-purchase payments	<u>253</u>	<u>253</u>	<u>255</u>	<u>255</u>

Effective interest rates on the hire-purchase arrangements range from 5.85% to 13.90% (2019: 6.54% to 12.56%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

27. Provisions

	Group	
	2020 \$'000	2019 \$'000
<i>Current liabilities:</i>		
Provision for product warranties		
At 1 May	509	506
(Write-back of)/provision for the year	(19)	206
Provision utilised during the year	(49)	(203)
At 30 April	441	509

A provision is recognised for expected warranty claims on proprietary products sold during the financial year based on past experience of the level of returns.

Non-current liabilities:

Provision for reinstatement cost		
At 1 May	834	861
Provision for the year	–	21
Provision utilised during the year	–	(48)
At 30 April	834	834

Provision for reinstatement cost refers to the estimated cost of dismantling, removing and restoring the leasehold properties at the end of the lease term.

28. Long-term loans (secured)

	Group			
	Effective interest rate		2020 \$'000	2019 \$'000
	2020 %	2019 %		
<i>Current</i>				
Singapore Dollar loans	3.80	3.83	16,333	11,265
Malaysian Ringgit loans	4.70	5.05	645	604
Indonesian Rupiah loan	–	7.32	–	2
Thai Baht loan	–	6.31	–	69
			16,978	11,940
<i>Non-current</i>				
Singapore Dollar loans	3.80	3.83	16,282	21,683
Malaysian Ringgit loans	4.70	5.05	5,925	6,594
			22,207	28,277

All loans are subject to compliance with financial covenants and are secured by corporate guarantees from the Company, property, plant and equipment of certain subsidiary companies and negative pledge over the assets of certain subsidiaries, excluding their hire-purchase assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

28. Long-term loans (secured) (cont'd)

Included in the Singapore dollar loans as at 30 April 2020 are 4 loans (2019: 4 loans) with current and non-current portions amounting to \$15,230,000 (2019: \$10,950,000) and \$10,440,000 (2019: \$18,170,000), respectively, where the subsidiary company shall not repay the loan from the Company amounting to \$13,767,000 (2019: \$13,767,000) (Note 14) until these loans are repaid.

A reconciliation of liabilities arising from financing activities is as follows:

	2019	Cash flows	Non-cash changes Foreign exchange movement	Other	2020
	\$'000	\$'000	\$'000	\$'000	\$'000
Long-term loans (Current and non-current)	40,217	(945)	(87)	–	39,185
Short-term loans	4,339	12,983	33	–	17,355
Trust receipts	42,781	(1,607)	(227)	–	40,947
Hire-purchase liabilities (Current and non-current)	255	(159)	(26)	183	253
Lease Liabilities (Current and non-current)	–	(2,370)	(374)	11,672	8,928
	<u>87,592</u>	<u>7,902</u>	<u>(681)</u>	<u>11,855</u>	<u>106,668</u>

The 'Other' column relates to the addition of new hire purchases and impact of adopting SFRS(I) 16 Leases during current financial year as well as the addition of new leases during the year.

	2018	Cash flows	Non-cash changes Foreign exchange movement	Other	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Long-term loans (Current and non-current)	44,900	(4,492)	(191)	–	40,217
Short-term loans	3,207	1,104	28	–	4,339
Trust receipts	41,349	1,549	(117)	–	42,781
Hire-purchase liabilities (Current and non-current)	1,191	(887)	(49)	–	255
	<u>90,647</u>	<u>(2,726)</u>	<u>(329)</u>	<u>–</u>	<u>87,592</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

29. Deferred taxation

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 May		897	1,038	(108)	(108)
Foreign currency translation adjustment		(14)	(3)	-	-
Origination and reversal of temporary differences	10	250	260	-	-
Under-provision of deferred tax expense in respect of prior years	10	(178)	(398)	-	-
		<u>955</u>	<u>897</u>	<u>(108)</u>	<u>(108)</u>
Represented by:					
- Deferred tax assets		2,658	2,790	-	-
- Deferred tax liabilities		(1,703)	(1,893)	(108)	(108)
		<u>955</u>	<u>897</u>	<u>(108)</u>	<u>(108)</u>

The deferred tax assets and liabilities arise from the following temporary differences:

	Property, plant and equipment \$'000	Receivables \$'000	Inventories \$'000	Unremitted foreign sourced income \$'000	Provision, accruals and others \$'000	Total \$'000
Group						
2020						
At 1 May	(888)	664	1,639	(995)	477	897
Movement for the year	(5)	3	74	124	(124)	72
Foreign currency translation adjustment	(5)	(12)	1	-	2	(14)
At 30 April	<u>(898)</u>	<u>655</u>	<u>1,714</u>	<u>(871)</u>	<u>355</u>	<u>955</u>
2019						
At 1 May	(1,014)	1,065	1,694	(1,018)	311	1,038
Movement for the year	128	(394)	(60)	23	165	(138)
Foreign currency translation adjustment	(2)	(7)	5	-	1	(3)
At 30 April	<u>(888)</u>	<u>664</u>	<u>1,639</u>	<u>(995)</u>	<u>477</u>	<u>897</u>

The deferred tax liabilities of the Company relate to unremitted foreign sourced income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

30. Share capital

	Group and Company			
	Number of shares	Share capital	Number of shares	Share capital
	2020 '000	2020 \$'000	2019 '000	2019 \$'000
Issued and fully paid:				
At beginning of financial year	236,186	35,896	235,586	35,722
Share issuance under performance share plan	600	174	600	174
At end of financial year	<u>236,786</u>	<u>36,070</u>	<u>236,186</u>	<u>35,896</u>

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote without restriction. The ordinary shares have no par value.

31. Reserves – Group and Company

(a) Capital reserve

Capital reserve represents proceeds from issuance of warrants and non-distributable amounts set aside in compliance with local laws of certain overseas subsidiary company.

(b) Revenue reserve

This represents the accumulated profits less distributions made to the shareholders of the Company.

(c) Foreign currency translation reserve

This comprises foreign exchange differences arising from the translation of the financial statements of overseas subsidiary, associated and joint venture companies and from the translation of long-term inter-company advances which are effectively part of net investments in the subsidiary companies.

(d) Discount on acquisition of non-controlling interest

The discount on acquisition of non-controlling interest represents the difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid that is recognised directly in equity and attributed to the parent. Such changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(e) Share-based compensation reserve

The share-based compensation reserve comprises cumulative value of services received from employees and Directors recorded in respect of grant of share awards.

The movement in the reserves are shown in the statements of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

32. Dividend

	Group and Company	
	2020	2019
	\$'000	\$'000
Final exempt (one-tier) dividend of 1.0 (2019: 1.0) cent, per share in respect of the previous financial year	2,362	2,356
Dividend declared and paid during the year	<u>2,362</u>	<u>2,356</u>

The Directors have proposed but not recognised as a liability of a final exempt (one-tier) dividend of 0.5 cent (2019: 1.0 cent) per share amounting to approximately \$1,184,000 (2019: \$2,362,000) to be paid in respect of the financial year ended 30 April 2020. The dividend will be recorded as a liability on the balance sheets of the Company and Group upon approval by the shareholders of the Company at the next Annual General Meeting of the Company.

33. Commitments

(i) *Operating lease commitments – as lessee*

The Group leases office premises, warehousing facilities and retail outlets under operating leases. The leases typically run for an initial period of 2 to 30 years, with an option to renew the leases after that date. Lease rentals are usually adjusted during the renewals to reflect market rentals. There were no restrictions placed upon the Group by entering into these leases.

As at financial year end, commitments for minimum rental payments under non-cancellable leases with a term of more than one year are as follows:

	Group
	2019
	\$'000
Within one year	2,653
Within two to five years	4,407
After five years	6,507
	<u>13,567</u>

(ii) *Capital commitments*

	2020	2019
	\$'000	\$'000
Commitments in respect of contracts placed for the purchase/ construction of property, plant and equipment	<u>2,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

34. Contingencies

	Company	
	2020	2019
	\$'000	\$'000
<i>Corporate guarantees</i>		
Guarantees issued for bank facilities granted to subsidiary companies	<u>97,487</u>	<u>87,337</u>

The above corporate guarantees indicate amounts utilised by subsidiary companies as at the end of each reporting period.

35. Related party transactions

(a) Sale and purchase of goods and services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the year at terms agreed between the parties:

	Group	
	2020	2019
	\$'000	\$'000
Income from services rendered to joint venture companies	2,003	2,038
Rental expenses paid to a company with common Director	<u>(182)</u>	<u>(182)</u>

(b) Compensation of Key Management Personnel

Salaries, bonus and other benefits-in-kind	2,403	2,962
Directors' fees	296	371
Contribution to defined contribution plan	<u>102</u>	<u>121</u>
Total	<u>2,801</u>	<u>3,454</u>

Comprises amounts paid/payable to:

- Directors of the Company	1,454	1,827
- Directors of subsidiary companies	365	384
- Other Key Management Personnel	<u>982</u>	<u>1,243</u>
	<u>2,801</u>	<u>3,454</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

36. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivative financial instruments, comprise short-term and long-term bank borrowings, hire-purchase contracts, and cash and short-term deposits. The main purpose of these financial instruments and borrowings are to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative instruments in the form of interest rate swap and forward currency contracts to manage interest rate and currency risks arising from the Group's operations and its sources of financing.

It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks faced by the Group and Company are foreign currency risk, interest rate risk, credit risk and liquidity risk that arise through its normal operations.

(a) *Foreign currency risk*

Foreign exchange risk arises from a change in foreign currency exchange rate, which is expected to have an adverse effect on the Group in the current reporting period and in future years. The Group operates in several countries and subsidiary, associated and joint venture companies within the Group maintain their books and records in their respective functional currencies. The Group's accounting policy is to translate the results of overseas subsidiary, associated and joint venture companies using the weighted average exchange rates. Net assets denominated in foreign currencies and held at the financial year end are translated into Singapore Dollar, the Group's reporting currency, at year end exchange rates. Fluctuations in the exchange rate between the functional currencies and Singapore Dollar will therefore have an impact on the Group. It is the Group's policy not to hedge exposures arising from such translations. The Group's strategy is to fund overseas operations with borrowings denominated in their functional currencies as a natural hedge against overseas assets.

The Group is also exposed to the volatility in the foreign currency cash flows related to repatriation of the investments in and advances to its subsidiary, associated and joint venture companies. The Group does not hedge exposures arising from such risks.

The Group's trading subsidiary companies are exposed to movements in foreign currency rates arising from the purchases of goods from suppliers and sales made to customers located in several countries. Whenever necessary, foreign exchange forward contracts are used by the subsidiary companies to manage the foreign currency exposure arising from their trading activities. The Group's accounting policies in relation to these derivative financial instruments are set out in Note 2.24.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

36. Financial risk management objectives and policies (cont'd)

(a) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

A 5% fluctuation of certain foreign currencies against the underlying functional currencies of the Group's entities at the end of each reporting period would have an impact on the Group's profit net of tax by the amounts shown below. The analysis assumes all other variables, in particular, interest rates, remained constant. The analysis is performed on the same basis for the financial year ended 30 April 2019.

	(Decrease)/increase in profit net of tax	
	2020 \$'000	2019 \$'000
USD – strengthened by 5% against SGD	(86)	(302)
– weakened by 5% against SGD	86	302
IDR – strengthened by 5% against SGD	225	200
– weakened by 5% against SGD	(225)	(200)
MYR – strengthened by 5% against SGD	147	136
– weakened by 5% against SGD	(147)	(136)
ZAR – strengthened by 5% against SGD	85	111
– weakened by 5% against SGD	<u>(85)</u>	<u>(111)</u>

(b) Interest rate risk

Interest rate risk is the risk that changes in interest rates will have an adverse financial effect on the Group's financial conditions and results. The primary source of the Group's interest rate risk is its borrowings from banks and other financial institutions primarily in Singapore, Malaysia and Thailand. The Group ensures that it obtains borrowings at competitive interest rates under the most favourable terms and conditions. Where appropriate, the Group uses interest rate swaps to hedge its interest rate exposure for specific underlying debt obligations. Risk variables are based on volatility in interest rates. This analysis assumes that all other variables, in particular foreign currency rates and tax rates remain constant. Information relating to the interest rate is disclosed in Notes 23, 25, 26 and 28. At the end of the reporting period, approximately 11% (2019: 8%) of the Group's borrowings are at fixed rates of interest. Cash and bank balances are excluded from the table below as fluctuations of interest rates are determined to have no significant impact on the Group's profit net of tax. Included in the table below are the Group's interest-bearing financial instruments, categorised by the earlier contractual re-pricing or maturity dates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

36. Financial risk management objectives and policies (cont'd)

(b) Interest rate risk (cont'd)

Group	Within 1 year \$'000	Within 1-2 years \$'000	Within 2-3 years \$'000	Within 3-4 years \$'000	Within 4-5 years \$'000	More than 5 years \$'000	Total \$'000
2020							
Fixed rate							
Obligations under hire-purchase	88	49	13	12	-	-	162
Trust receipts	<u>11,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,039</u>
Floating rate							
Obligations under hire-purchase	62	17	6	6	-	-	91
Bank loans	34,333	4,219	8,351	2,904	933	5,800	56,540
Trust receipts	<u>29,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,908</u>
2019							
Fixed rate							
Derivatives assets	16	-	-	-	-	-	16
Obligations under hire-purchase	107	7	-	-	-	-	114
Bank loans	69	-	-	-	-	-	69
Trust receipts	<u>6,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,830</u>
Floating rate							
Obligations under hire-purchase	75	56	10	-	-	-	141
Bank loans	16,210	8,692	3,416	7,506	2,060	6,603	44,487
Trust receipts	<u>35,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,951</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

36. Financial risk management objectives and policies (cont'd)

(b) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit net of tax.

	Increase/ (decrease) in basis points	Decrease/ (increase) in profit net of tax \$'000
2020		
- Singapore Dollars	50	237
- Ringgit Malaysia	50	48
- Thai Baht	50	38
- United States Dollars	50	13
- Singapore Dollars	(50)	(237)
- Ringgit Malaysia	(50)	(48)
- Thai Baht	(50)	(38)
- United States Dollars	(50)	(13)
	<u>(50)</u>	<u>(13)</u>
2019		
- Singapore Dollars	50	232
- Ringgit Malaysia	50	63
- Thai Baht	50	36
- United States Dollars	50	38
- Singapore Dollars	(50)	(232)
- Ringgit Malaysia	(50)	(63)
- Thai Baht	(50)	(36)
- United States Dollars	(50)	(38)
	<u>(50)</u>	<u>(38)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

36. Financial risk management objectives and policies (cont'd)

(c) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables. For financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by trading with recognised and credit worthy third parties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all customers who trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supporting forward-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

The Group determined that its financial assets are credit-impaired when:

- There is significant financial difficulty experienced by the issuer or the borrower
- A breach of contract, such as default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

36. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

The following are credit risk management practices and quantitative information about amounts arising from expected credit loss for trade receivables:

Trade receivables

The Group provides for lifetime expected credit loss for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 30 April 2020 and 2019 is determined as follows, the expected credit loss below also incorporate forward looking information such as forecast of macro-economic indicators and the industry performance factors.

Summarised below is the information about the credit risk exposure on the remaining Group's trade receivables using provision matrix:

	Current \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	Total \$'000
2020					
Gross carrying amount	26,607	5,714	4,146	19,357	55,824
Loss allowance provision	(574)	(300)	(121)	(6,535)	(7,530)
2019					
Gross carrying amount	28,935	8,453	5,583	16,951	59,922
Loss allowance provision	(507)	(196)	(147)	(4,350)	(5,200)

Information regarding loss allowance movement of trade receivables is disclosed in Note 18.

During the financial year, the Group wrote-off \$54,000 (2019: \$828,000) of trade receivables as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

Other receivables

The Group provides for lifetime expected credit loss for other receivables using the probability of default approach. In determining ECL for other receivables, the Group considers events such as significant adverse changes in financial conditions of the debtors and determined that significant increase in credit risk occur when there is changes in the risk that the specific debtor will default on the payments.

There is no change in the loss allowance provision for other receivables at amortised cost as at 30 April 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

36. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

Amounts due from subsidiaries at amortised cost

The Company provides for lifetime expected credit loss for trade amounts due from related companies based on a provision matrix similar to allowance for trade receivables. The Company compute expected credit loss for non-trade amounts and loans from related companies using the probability of default approach. In determining this ECL, the Company considers events such as significant adverse changes in financial conditions and changes in operating results of the related companies and determined that significant increase in credit risk occur when there is changes in the risk that the specific related company will default on the payments.

The loss allowance provision for amounts due from related companies at amortised cost as at 30 April 2020 and 2019 reconciles to the opening loss allowance provision as follows:

	Company	
	2020	2019
	\$'000	\$'000
At 1 May	3,834	3,728
Loss allowance measure at:		
12 months ECL	126	106
At 30 April	<u>3,960</u>	<u>3,834</u>

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk was represented by the carrying amount of each class of financial assets recognised in the balance sheets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

36. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

Risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of each reporting period is as follows:

	2020		2019	
	\$'000	% of total	\$'000	% of total
Group				
By country:				
Malaysia	13,709	28.39	17,759	32.45
Indonesia	10,100	20.91	8,710	15.92
Thailand	4,891	10.13	7,665	14.01
Singapore	7,256	15.02	7,761	14.18
South Africa	2,375	4.92	2,315	4.23
Australia	1,569	3.25	2,331	4.26
Others	8,394	17.38	8,181	14.95
	<u>48,294</u>	<u>100.00</u>	<u>54,722</u>	<u>100.00</u>

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due or impaired are creditworthy debtors with good payment record with the Group.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(d) Liquidity risk

The Group monitors its projected and actual cash inflows and outflows to ensure that funding needs are identified and managed in advance. The Group actively manages its debt maturity profile, operating cash flows and availability of committed credit facilities to ensure that all refinancing, repayment and funding needs are met. The Group strives to maintain a sufficient level of banking facilities to meet its funding requirements and utilise trust receipts, revolving credit facilities, loans and hire-purchase contracts for this purpose. The credit facilities provided by the banks and finance companies are subject to certain financial covenants, and terms and conditions which are summarised in Notes 23, 25, 26 and 28.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

36. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group and Company's financial assets and liabilities at the end of each reporting period based on contractual undiscounted payments.

	1 year or less \$'000	2 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Group				
2020				
Financial assets				
Trade and other receivables	53,252	-	-	53,252
Derivatives	313	-	-	313
Cash and cash equivalents	25,730	-	-	25,730
Total undiscounted financial assets	<u>79,295</u>	<u>-</u>	<u>-</u>	<u>79,295</u>
Financial liabilities				
Trade payables, trust receipts and other payables	70,846	-	-	70,846
Derivatives	165	-	-	165
Hire-purchase liabilities	175	116	-	291
Loans and borrowings	35,574	17,047	6,057	58,678
Lease liabilities	2,018	2,959	5,950	10,927
Total undiscounted financial liabilities	<u>108,778</u>	<u>20,122</u>	<u>12,007</u>	<u>140,907</u>
Total net undiscounted financial liabilities	<u>(29,483)</u>	<u>(20,122)</u>	<u>(12,007)</u>	<u>(61,612)</u>
2019				
Financial assets				
Trade and other receivables	57,799	-	-	57,799
Derivatives	46	-	-	46
Cash and cash equivalents	13,709	-	-	13,709
Total undiscounted financial assets	<u>71,554</u>	<u>-</u>	<u>-</u>	<u>71,554</u>
Financial liabilities				
Trade payables, trust receipts and other payables	74,898	-	-	74,898
Derivatives	23	-	-	23
Hire-purchase liabilities	195	83	-	278
Loans and borrowings	16,914	22,529	6,910	46,353
Total undiscounted financial liabilities	<u>92,030</u>	<u>22,612</u>	<u>6,910</u>	<u>121,552</u>
Total net undiscounted financial liabilities	<u>(20,476)</u>	<u>(22,612)</u>	<u>(6,910)</u>	<u>(49,998)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

36. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

	1 year or less \$'000	2 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Company				
2020				
Financial assets				
Amounts due from subsidiary companies	-	-	13,810	13,810
Other receivables	208	-	-	208
Cash and cash equivalents	277	-	-	277
Total undiscounted financial assets	485	-	13,810	14,295
Financial liabilities				
Other payables	498	-	-	498
Amounts due to subsidiary companies	-	-	22,606	22,606
Derivatives	6	-	-	6
Total undiscounted financial liabilities	504	-	22,606	23,110
Total net undiscounted financial liabilities	(19)	-	(8,796)	(8,815)
2019				
Financial assets				
Amounts due from subsidiary companies	-	-	14,265	14,265
Other receivables	94	-	-	94
Derivatives	25	-	-	25
Cash and cash equivalents	300	-	-	300
Total undiscounted financial assets	419	-	14,265	14,684
Financial liabilities				
Other payables	617	-	-	617
Amounts due to subsidiary companies	-	-	19,087	19,087
Total undiscounted financial liabilities	617	-	19,087	19,704
Total net undiscounted financial liabilities	(198)	-	(4,822)	(5,020)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

37. Classification of financial instruments

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Financial assets measured at amortised cost</i>					
Trade receivables	18	48,294	54,722	-	-
Other receivables	20	4,958	3,077	208	94
Cash and cash equivalents	21	25,730	13,709	277	300
Amounts due from subsidiary companies	14	-	-	13,810	14,265
		<u>78,982</u>	<u>71,508</u>	<u>14,295</u>	<u>14,659</u>
<i>Financial liabilities measured at amortised cost</i>					
Trade payables	22	14,653	17,445	-	-
Trust receipts (secured)	23	40,947	42,781	-	-
Other payables	24	15,246	14,672	498	617
Loans (secured)	25, 28	56,540	44,556	-	-
Hire-purchase liabilities	26	253	255	-	-
Amounts due to subsidiary companies	14	-	-	22,606	19,087
Lease liabilities	13	8,928	-	-	-
		<u>136,567</u>	<u>119,709</u>	<u>23,104</u>	<u>19,704</u>
<i>Fair value through profit or loss</i>					
Forward currency contracts					
- Derivatives assets	19	313	30	-	25
- Derivatives liabilities	19	<u>(165)</u>	<u>(23)</u>	<u>(6)</u>	<u>-</u>
Interest rate swap					
- Derivatives assets	19	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

37. Fair value of financial instruments

(a) *Fair value of financial instruments that are carried at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
Group				
2020				
<i>Financial assets</i>				
Forward currency contracts	19	-	313	-
<i>Financial liabilities</i>				
Forward currency contracts	19	-	(165)	-
2019				
<i>Financial assets</i>				
Forward currency contracts	19	-	30	-
Interest rate swap	19	-	16	-
<i>Financial liabilities</i>				
Forward currency contracts	19	-	(23)	-
Company				
2020				
<i>Financial assets</i>				
Forward currency contracts	19	-	(6)	-
2019				
<i>Financial assets</i>				
Forward currency contracts	19	-	25	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

38. Fair value of financial instruments (cont'd)

(a) *Fair value of financial instruments that are carried at fair value (cont'd)*

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have 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)

Determination of fair value

Forward currency contracts and interest rate swaps are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, interest rate curves and forward rate curves.

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The management has determined that the carrying amounts of cash and short-term deposits, current trade and other receivables, current trade and other payables and current bank loans based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are re-priced frequently within a year.

The estimated fair values of the Group's and Company's borrowings approximates their carrying amounts, based on borrowing rates which would be available to the Company at the end of each reporting period.

(c) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

The Company has non-current interest-free receivables extended to subsidiary companies, which either form part of the Company's net investment in subsidiary companies or are not expected to be repaid until the cash flows of the subsidiary companies permit. It is impractical to determine the fair value of these receivables as the timing of the future cash flow repatriation cannot be estimated reliably. Therefore, such loans are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

39. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 April 2020 and 2019.

The Group monitors capital using a gearing ratio, which is bank borrowings divided by distributable net assets. The Group's policy is to keep the gearing ratio at less than 3 (2019: 3) times. Bank borrowings include trust receipts, short-term and long-term loans.

	Group	
	2020	2019
	\$'000	\$'000
Trust receipts	40,947	42,781
Loans (secured)	56,540	44,556
Bank borrowings	<u>97,487</u>	<u>87,337</u>
Equity attributable to the owners of the Company	117,005	123,626
Less: Capital reserve	<u>(505)</u>	<u>(446)</u>
Distributable net assets	<u>116,500</u>	<u>123,180</u>
Gearing ratio (times)	<u>0.84</u>	<u>0.71</u>

The Company and certain subsidiaries of the Group are subject to financial covenants for credit facilities provided by banks. The Company and these subsidiaries are required to maintain certain leverage ratios, debt service coverage ratios, interest coverage and shareholders' funds.

As disclosed in Note 31, a subsidiary of the Group is required to maintain a five percent reserve at each distribution of dividends until the reserve reaches at least ten percent of the subsidiary's authorised capital. This externally imposed capital requirement has been complied with by the subsidiary for the financial years ended 30 April 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

40. Segment information

For management purposes, the Group is organised into business units based on their geographical locations, and has four reportable segments as follows:

- I. South East Asia
- II. North Asia
- III. Africa
- IV. Others

Distribution of tyres and wheels to external customers are included in the South East Asia, North Asia, Africa and other segments. Manufacturing of alloy wheels sold directly to external customers are included in the South East Asia segment.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating 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 operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

40. Segment information (cont'd)

Transfer prices between operating segments are based on terms agreed between parties.

	South East Asia ^①	North Asia ^②	Africa	Others ^③	Total of segments	Elimination	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020							
Revenue:							
External revenue	171,644	4,173	12,670	7,218	195,705	-	195,705
Inter-segment revenue	23,417	559	-	-	23,976	(23,976)	-
Other revenue:							
- Interest income	64	22	64	36	186	-	186
- Others	1,946	1,992	22	-	3,960	-	3,960
Total revenue	197,071	6,746	12,756	7,254	223,827	(23,976)	199,851
Finance costs	(4,671)	(18)	(104)	(63)	(4,856)	450	(4,406)
Segment result	(2,656)	889	(289)	(1,777)	(3,833)	450	(3,383)
Less: Unallocated expenses							(87)
Share of results of joint ventures (Loss)/profit before taxation	-	1,025	-	(648)	377	-	377
Taxation							(920)
(Loss)/profit for the financial year							(4,013)
Other information							
Segment assets	216,861	6,190	11,508	4,281	238,840	-	238,840
Associated and joint venture companies	246	16,196	-	532	16,974	-	16,974
Unallocated assets	2,622	36	-	-	2,658	-	2,658
Total assets	219,729	22,422	11,508	4,813	258,472	-	258,472
Segment liabilities	130,191	357	4,343	3,116	138,007	-	138,007
Unallocated liabilities	3,460	-	-	-	3,460	-	3,460
Total liabilities	133,651	357	4,343	3,116	141,467	-	141,467
Other segment information							
Additions to non-current assets							
- Property, plant and equipment	1,859	11	76	2	1,948	-	1,948
Significant non-cash expenses:							
Amortisation and depreciation of property, plant and equipment	6,225	331	181	67	6,804	-	6,804
Depreciation of right-of-use assets	1,817	276	369	189	2,651	-	2,651
Allowance for expected credit loss	2,374	-	30	67	2,471	-	2,471
(Write-back of)/allowance for inventory obsolescence	(147)	114	(107)	(86)	(226)	-	(226)
Write-back of impairment on property, plant and equipment	(6)	-	-	-	(6)	-	(6)
Bad debts recovered	-	-	(4)	-	(4)	-	(4)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

40. Segment information (cont'd)

	South East Asia ^①	North Asia ^②	Africa	Others ^③	Total of segments	Elimination	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019							
Revenue:							
External revenue	190,985	11,881	14,068	12,441	229,375	-	229,375
Inter-segment revenue	25,184	2,305	-	-	27,489	(27,489)	-
Other revenue:							
- Interest income	112	37	107	-	256	-	256
- Others	2,442	1,997	5	99	4,543	-	4,543
Total revenue	<u>218,723</u>	<u>16,220</u>	<u>14,180</u>	<u>12,540</u>	<u>261,663</u>	<u>(27,489)</u>	<u>234,174</u>
Finance costs	(4,350)	(50)	(82)	(126)	(4,608)	447	(4,161)
Segment result	<u>2,975</u>	<u>14</u>	<u>(321)</u>	<u>(1,118)</u>	<u>1,550</u>	<u>447</u>	<u>1,997</u>
Less: Unallocated expenses							(59)
Share of results of joint ventures	-	1,008	-	(711)	297	-	297
Profit before taxation							2,235
Taxation							(1,761)
Profit for the financial year							<u>474</u>
Other information							
Segment assets	206,330	5,735	11,561	5,730	229,356	-	229,356
Associated and joint venture companies	242	15,483	-	1,210	16,935	-	16,935
Unallocated assets	2,621	35	-	134	2,790	-	2,790
Total assets	<u>209,193</u>	<u>21,253</u>	<u>11,561</u>	<u>7,074</u>	<u>249,081</u>	<u>-</u>	<u>249,081</u>
Segment liabilities	112,951	1,916	2,760	3,448	121,075	-	121,075
Unallocated liabilities	4,380	-	-	-	4,380	-	4,380
Total liabilities	<u>117,331</u>	<u>1,916</u>	<u>2,760</u>	<u>3,448</u>	<u>125,455</u>	<u>-</u>	<u>125,455</u>
Other segment information							
Additions to non-current assets							
- Property, plant and equipment	<u>2,385</u>	<u>97</u>	<u>89</u>	<u>6</u>	<u>2,577</u>	<u>-</u>	<u>2,577</u>
Significant non-cash expenses:							
Amortisation and depreciation of property, plant and equipment	<u>6,696</u>	<u>360</u>	<u>200</u>	<u>19</u>	<u>7,275</u>	<u>-</u>	<u>7,275</u>
Allowance for/(write-back of) expected credit loss	<u>330</u>	<u>(28)</u>	<u>-</u>	<u>80</u>	<u>382</u>	<u>-</u>	<u>382</u>
(Write-back of)/allowance for inventory obsolescence	<u>(735)</u>	<u>30</u>	<u>(138)</u>	<u>54</u>	<u>(789)</u>	<u>-</u>	<u>(789)</u>
Write-back of impairment on property, plant and equipment	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>(9)</u>
Bad debts recovered	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>(3)</u>	<u>(8)</u>	<u>-</u>	<u>(8)</u>

Note:

- ① Includes Singapore, Malaysia, Philippines, Thailand, Indonesia, Vietnam and Brunei
- ② Includes Hong Kong and People's Republic of China
- ③ Includes North America/Latin America, Australia and India

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

40. Segment information (cont'd)

Business information

	Revenue		Non-current assets	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Distribution	174,498	201,436	76,272	71,534
Manufacturing	25,353	32,738	10,402	11,642
	<u>199,851</u>	<u>234,174</u>	<u>86,674</u>	<u>83,176</u>

Non-current assets information presented above consists of property, plant and equipment, associated company and deferred tax assets as presented in the consolidated balance sheet.

41. Subsidiary, associated and joint venture companies

The subsidiary, associated and joint venture companies as at the end of the current and preceding financial year are:

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Percentage of equity held by the Group	
			2020	2019	2020	2019
			\$'000	\$'000	%	%
	<i>Subsidiary companies</i>					
	<i>Held by the Company:</i>					
(1)	Stamford Tyres International Pte Ltd (Singapore)	Wholesale and retail of tyres and wheels, design and contract manufacturing of tyres for proprietary brands and motor vehicle servicing (Singapore)	11,000	11,000	100	100
(2)	Stamford Tyres (M) Sdn Bhd (Malaysia)	Wholesale of tyres and wheels (Malaysia)	580	580	100	100
(2)	STC Tyres (Malaysia) Sdn Bhd (Malaysia)	Property holding company (Malaysia)	913	913	100	100
(2)	STC Tyre Mart Sdn Bhd (Malaysia)	Retail of tyres and wheels (Malaysia)	393	393	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

41. Subsidiary, associated and joint venture companies (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Percentage of equity held by the Group	
			2020 \$'000	2019 \$'000	2020 %	2019 %
<i>Subsidiary companies</i>						
<i>Held by the Company: (cont'd)</i>						
(3)	Stamford Tyres Distributor Co., Ltd (Thailand)	Wholesale of tyres and wheels (Thailand)	4,268	4,268	100	100
(3) #	STC Tyres Limited (Thailand)	Inactive (Thailand)	288	288	49	49
(3) #	Stamford Auto Mart Limited (Thailand)	Inactive (Thailand)	21	21	49	49
(4)	Stamford Tyres (Hong Kong) Limited (Hong Kong)	Investment holding and wholesale of tyres (Hong Kong and People's Republic of China)	6,523	6,523	100	100
(4)	Boon Tyre Holdings Limited (Hong Kong)	Investment and property holding company (Hong Kong and United Kingdom)	@	@	100	100
##	Stamford Tyres and Wheels, Inc. (United States of America)	Wholesale of tyres and wheels (Latin America and United States of America)	14	14	100	100
(5)	Stamford Tyres (Africa) (Pty) Limited (South Africa)	Wholesale of tyres and wheels (South Africa)	17,502	16,550	100	100
(7)	PT Stamford Tyres Indonesia (Indonesia)	Wholesale and retail of tyres and retreading of tyres (Indonesia)	726	726	100	100
(7)	PT Stamford Tyres Distributor Indonesia (Indonesia)	Wholesale of tyres and wheels (Indonesia)	10,637	10,637	100	100
(1)	Sumo Tyres Pte Ltd (Singapore)	Inactive (Singapore)	@	@	100	100
(1)	Stamford Auto City Pte Ltd (Singapore)	Inactive (Singapore)	200	200	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

41. Subsidiary, associated and joint venture companies (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Percentage of equity held by the Group	
			2020 \$'000	2019 \$'000	2020 %	2019 %
Subsidiary companies						
<i>Held by the Company: (cont'd)</i>						
(1)	Wahsan Trading Pte Ltd (Singapore)	Inactive (Singapore)	218	218	100	100
(3)	Stamford Sport Wheels Company Limited (Thailand)	Manufacture of aluminium alloy wheels (Thailand)	19,898	19,898	100	100
##	Stamford International Trading (Tianjin) Co. Ltd. (People's Republic of China)	Inactive (People's Republic of China)	322	322	100	100
##	Stamford Tyres Australia Pty Limited (Australia)	Wholesale of tyres and wheels (Australia)	9,576	6,770	100	100
##	Stamford Tyres Philippines, Inc. (Philippines)	Inactive (Philippines)	361	361	100	100
(8) ++	Stamford Tyres Distributors India Private Limited (India)	Wholesale of tyres (India)	2,493	2,493	100	100
##	Stamford Tyres Do Brazil Participacoes LTDA (Brazil)	Dormant (Brazil)	281	281	100	100
(13) ++	Stamford Tyres Vietnam Company Limited (Vietnam)	Wholesale of tyres and wheels (Vietnam)	623	623	100	100
(10)	Stamford Tyres (B) Sdn Bhd (Brunei)	Dormant (Brunei)	25	25	100	100
			86,862	83,104		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

41. Subsidiary, associated and joint venture companies (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group	
			2020 %	2019 %
Subsidiary companies				
<i>Held by Stamford Tyres (Hong Kong) Limited:</i>				
##	Stamford Tyres (Guangzhou) Limited (People's Republic of China)	Dormant (People's Republic of China)	100	100
<i>Held by Stamford Tyres (M) Sdn Bhd:</i>				
(2)	Stamford Retread Industries (M) Sdn Bhd (Malaysia)	Retreading of tyres (formerly retail of motor vehicles) (Malaysia)	100	100
<i>Held by Boon Tyre Holdings Limited:</i>				
(1)	Raffles Resources Singapore Pte Ltd (Singapore)	Inactive (Singapore)	100	100
(4)	Stamford Tyres (Dongguan) Limited (People's Republic of China)	Wholesale of tyres (People's Republic of China)	100	100
Joint venture companies				
<i>Held by the Company:</i>				
(6) +	Tyre Pacific (HK) Limited (Hong Kong)	Investment holding and wholesale of tyres (Hong Kong, Vietnam and People's Republic of China)	50	50
(11)++	Falken Tyre India Private Ltd (India)	Distribution and sale of replacement tyres (India)	40	40
<i>Held by Tyre Pacific (HK) Limited:</i>				
(6) +	Real Courage Limited (Hong Kong)	Property holding company (Hong Kong)	50	50
(9) +	Orizz (Shanghai) Limited (People's Republic of China)	Wholesale of tyres (People's Republic of China)	50	50
(9) +	Shanghai Orizz Mega Outlet Co Ltd (People's Republic of China)	Wholesale of tyres (People's Republic of China)	50	50
(12) +	Tyre Pacific (Vietnam) Limited	Wholesale of tyres (Vietnam)	50	50

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

41. Subsidiary, associated and joint venture companies (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group	
			2020 %	2019 %
	<i>Associated company</i>			
	<i>Held by the Company:</i>			
##	Stamford Tyres (Thailand) Co., Ltd (Thailand)	Inactive (Thailand)	49	49
@	Cost of investment at one hundred units of local currency or less.			
#	The company is considered a subsidiary company and included in the consolidated financial statements as the Group has the power to control, by agreement, the financial and operating policies of the management of the Company.			
##	Not required to be audited under the laws of the country of incorporation. Unaudited financial statements have been used for the preparation of the consolidated financial statements of the Group.			
+	Statutory year end is 31 December. A limited review of the financial statements has been performed for the purpose of the preparation of the consolidated financial statements of the Group.			
++	Statutory year end is 31 March. Unaudited financial statements has been used for the preparation of the consolidated financial statements of the Group.			

Auditors

- (1) Ernst & Young LLP, Singapore, Public Accountants and Chartered Accountants
- (2) Ernst & Young, Malaysia, Chartered Accountants
- (3) Ernst & Young Office Limited, Thailand, Certified Public Accountants
- (4) Choi Mei Bik Public Accountant (Practicing)., Hong Kong, CPAs, Certified Public Accountants
- (5) Mazars, South Africa, Chartered Accountants
- (6) Ernst & Young, Hong Kong, Certified Public Accountants
- (7) Herman Dody Tanumihardja & Rekan
- (8) Jai Prakash Upadhahay & Co., India, Chartered Accountants
- (9) BDO China Shu Lun Pan, People's Republic of China, Certified Public Accountants
- (10) WKA Associates, Brunei, Certified Public Accountants and Auditors
- (11) BSR & Associates LLP, India, Chartered Accountants
- (12) Vietnam Accounting Auditing Consulting Company Limited
- (13) AS Auditing Company

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 April 2020
(In Singapore Dollar)

42. Subsequent event

A subsidiary of the Company had refinanced a \$5,000,000 long-term borrowings due in August 2020 over a four years maturity period. This was concluded with a financial institution to support its working capital requirement.

43. Authorisation of financial statements for issue

The financial statements for the year ended 30 April 2020 were authorised for issue in accordance with a resolution of the Directors on 31 August 2020.

LIST OF MAJOR PROPERTIES

As at 30 April 2020

Location	Tenure of Lease	Area (sqm)	Description
SINGAPORE			
19 Lok Yang Way, Jurong Singapore 628635	30 year lease from 2006	18,024.7	Corporate office, tyre retail service centre with showroom and warehouse
21 Lok Yang Way, Jurong Singapore 628636	60 year lease from 1973 renewed in 2013 until 2035 (22 years)	13,122.1 (land area) 22,591.09 (gross floor area)	Truck service centre and warehouse
455 Macpherson Road Singapore 368173	63 year lease from 2001	951.0	Tyre retail centre and showroom
50 Bukit Batok Street 23 #02-19 Midview Building Singapore 659578	55 year lease from 2002	276.0	Tyre retail centre and showroom
10 Admiralty Street #01-85 North Link Building Singapore 757695	56 year lease from 2003	689.0	Tyre retail centre and showroom
10 Admiralty Street #01-78, North Link Building Singapore 757695	47 year lease from 2012	521.0	Commercial truck centre
31 Loyang Way Singapore 508729	60 year lease from 1990	2,510.4	Tyre retail centre and showroom
10 Kaki Bukit Road 2, #01-11 & #01-12 First East Centre Singapore 417868	28 year lease from 2011	458.6	Tyre retail centre and showroom
110 Tuas South Avenue 3 #01-02/03 The Index, Singapore, 637369	30 year lease from 2013	585.0	Truck service centre
MALAYSIA			
16 Jalan Juru Nilai U1/20 Section U1 Hicom Glenmarie Industrial Park 40150 Shah Alam, Selangor, Malaysia	Freehold	6,968.0	Corporate office, tyre retail and service centre with showroom and warehouse
Lot L2-22,23,23A, 25 Seri Alam Industrial Park, Sungai Kapar Indah, Klang, Selangor, Malaysia	Freehold	33,430.0	Warehouse
THAILAND			
111/2, 5 Moo 2, Highway 340, Suphanburi Road Tambon Saiyai, Amphur Sainoi, Nonthaburi 11150 Thailand	Freehold	14,636.0	Wheel factory with showroom and warehouse
111/8, 9 Moo 2, Highway 340, Suphanburi Road Tambon Saiyai, Amphur Sainoi, Nonthaburi 11150 Thailand	Freehold	16,380.0	Second wheel factory
INDONESIA			
Jalan Boulevard Raya Blok PA19 No. 4-5 Pengangsaan Dua, Kelapa Gading Jakarta Utara, Indonesia 14250	20 year lease from 2011	144.0	Office with warehouse, retail and service centre
Lot D-4 Jalan Kuala Kuningan Kuala Kencana, Light Industrial Park Tembagapura, Mimika Baru Papua, Indonesia	20 year lease from 2014	12,000.0	Office with truck service centre, warehouse and retreading plant
Jalan Projakal Rt. 047 Kelurahan Batu Ampar Kecamatan Balikpapan Utara, Indonesia	30 year lease from 2013	2,973.0	Office with warehouse
SOUTH AFRICA			
ERF 460, Cnr Horn Street 8 Brine Avenue, Chloorkop Ext 23 Kempton Park, Johannesburg, South Africa	Freehold	16,091.0	Office, truck service centre and warehouse

LIST OF SUBSTANTIAL SHAREHOLDERS

As at 25 August 2020 as recorded in the Register of Substantial Shareholders

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST	
	No of Shares	%	No of Shares	%
Wee Kok Wah	42,914,554	18.12%	50,151,319	21.18%
Mrs Dawn Wee Wai Ying	14,237,567	6.01%	78,828,306	33.29%
Wah Holdings Pte Ltd	35,913,752	15.17%	-	-
Lim & Tan Securities Pte Ltd	23,886,000	10.09%	-	-

NOTE:

Mr Wee Kok Wah is deemed to have an interest in the shareholdings of Mrs Dawn Wee Wai Ying and vice versa by virtue of their relationship as husband and wife. In addition, Mr Wee Kok Wah and Mrs Dawn Wee Wai Ying are deemed to have an interest in the shares owned by Wah Holdings Pte Ltd.

Mr Wee Kok Wah is deemed to be interested in the shares held as follows:-

Shares held by Mrs Dawn Wee Wai Ying	14,237,567
Shares held by Wah Holdings Pte Ltd	35,913,752
Total	<u><u>50,151,319</u></u>

Mrs Dawn Wee Wai Ying is deemed to be interested in the shares held as follows:-

Shares held by Mr Wee Kok Wah	42,914,554
Shares held by Wah Holdings Pte Ltd	35,913,752
Total	<u><u>78,828,306</u></u>

Total Number of issued shares: 236,786,244 ordinary shares as at 25 August 2020

STATISTICS OF SHAREHOLDINGS

As at 25 August 2020

Number of issued and paid-up shares	:	236,786,244
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF		NO. OF SHARES	%
	SHAREHOLDERS	%		
1 - 99	16	0.65	259	0.00
100 - 1,000	143	5.85	84,468	0.04
1,001 - 10,000	1,165	47.65	7,256,450	3.06
10,001 - 1,000,000	1,101	45.03	60,024,346	25.35
1,000,001 AND ABOVE	20	0.82	169,420,721	71.55
TOTAL	2,445	100.00	236,786,244	100.00

Based on the information available to the Company as at 25 August 2020, approximately 48.39% of the issued ordinary shares of the Company is held in the hands of public and hence, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	WEE KOK WAH	42,914,554	18.12
2	WAH HOLDINGS PTE LTD	35,913,752	15.17
3	LIM & TAN SECURITIES PTE LTD	26,076,000	11.01
4	KWOK WAI YING DAWN	14,237,567	6.01
5	TEO CHENG TUAN DONALD	9,511,400	4.02
6	DBS NOMINEES (PRIVATE) LIMITED	5,913,200	2.50
7	CHIA KEE KOON	4,997,300	2.11
8	DAIWA CAPITAL MARKETS SINGAPORE LIMITED	4,300,000	1.82
9	PHILLIP SECURITIES PTE LTD	4,145,950	1.75
10	SEE LOP FU JAMES @ SHI LAP FU JAMES	3,800,000	1.60
11	HSBC (SINGAPORE) NOMINEES PTE LTD	2,827,560	1.19
12	RAFFLES NOMINEES (PTE.) LIMITED	2,408,100	1.02
13	TEO KWANG CHWEE	2,225,600	0.94
14	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,866,438	0.79
15	RHB SECURITIES SINGAPORE PTE. LTD.	1,642,000	0.69
16	LIM YEW HOE	1,615,000	0.68
17	TAN HUI LIANG OR TAN HWEE KHENG	1,585,000	0.67
18	CHIANG KOK MENG	1,190,000	0.50
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,169,300	0.49
20	QUEK KAI CHUAN	1,082,000	0.46
	TOTAL	169,420,721	71.54

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of the Company will be held by way of electronic means on Wednesday, 30 September 2020 at 3.00 p.m. (Singapore time) for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement, Auditor's Report and Audited Financial Statements for the financial year ended 30 April 2020. **Resolution 1**
2. To approve the Directors' fees of up to S\$264,810 for the financial year ending 30 April 2021.
[See explanatory note (a)] **Resolution 2**
3. To declare the payment of a first and final tax exempt (one-tier) dividend of 0.5 cent per ordinary share for the financial year ended 30 April 2020. **Resolution 3**
4. To re-elect Mr Wee Kok Wah, who is retiring as a Director pursuant to Rule 720(5) of the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST").
[See explanatory note (b)] **Resolution 4**
5. To re-elect Mr Sam Chong Keen, who is retiring as a Director pursuant to Article 111 of the Company's Constitution. *[See explanatory note (c)]* **Resolution 5**
6. To re-appoint Ernst & Young LLP as the Company's Auditor and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

7. Share Issue Mandate

That authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

provided that:

- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) the Company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time this Resolution is passed, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of shares;and, in sub-paragraph (i) above and this sub-paragraph (ii), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

[See explanatory note (d)]

Resolution 7

8. **Approval for the continued appointment of Mr Sam Chong Keen, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST**

That, subject to and contingent upon the passing of Resolution 5, by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM and the passing of Resolution 9 by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM, excluding the Directors and the chief executive officer of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST):

- (a) the continued appointment of Mr Sam Chong Keen, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Sam Chong Keen as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

Resolution 8

9. Approval for the continued appointment of Mr Sam Chong Keen, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST

That, subject to and contingent upon the passing of Resolution 5:

- (a) the continued appointment of Mr Sam Chong Keen, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and
- (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Sam Chong Keen as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution,

provided that this Resolution shall only be proposed and voted upon if Resolution 8 is passed by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM. *[See explanatory note (e)]*

Resolution 9

In compliance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), the Directors and the chief operating officer of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST), shall abstain from voting on Resolution 9.

Mr Sam Chong Keen, will, upon re-election as an Independent Director of the Company, remain as the Chairman of the Board, Nominating and Remuneration Committees and a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTICE OF RECORD DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 15 October 2020 for the purpose of determining shareholders' entitlement to the proposed first and final tax exempt (one-tier) dividend of 0.5 cent per ordinary share for the financial year ended 30 April 2020 (the **"Proposed Dividend"**).

Duly completed registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd of 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 15 October 2020 (the **"Record Date"**) will be registered to determine shareholders' entitlement to the Proposed Dividend.

Shareholders (being Depositors) whose securities accounts with The Central Depository (Pte) Limited (**"CDP"**) are credited with shares as at 5.00 p.m. on the Records Date will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved at the Thirty-First Annual General Meeting of the Company to be held on 30 September 2020, will be paid on 29 October 2020.

By Order Of The Board

Heng Michelle Fiona
Company Secretary
11 September 2020
Singapore

Explanatory Notes:

- (a) The proposed Ordinary Resolution 2, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during the financial year ending 30 April 2021. The comparative amount for Directors' fees for the financial year ended 30 April 2020 has been revised from \$359,870 to S\$295,807.
- (b) Detailed information pursuant to Rule 720(6) of the Listing Manual on Mr Wee Kok Wah can be found under the section entitled **"Additional Information on Director Seeking Re-election"** on pages 144 to 145 of the Annual Report.
- (c) Mr Sam Chong Keen, if re-elected, will remain as the Chairman of the Board, Nominating and Remuneration Committees and Member of the Audit Committee. Mr Sam is considered an Independent Director for purposes of Rule 704(8) of the Listing Manual of SGX-ST. Detailed information pursuant to Rule 720(6) of the Listing Manual of SGX-ST on Mr Sam can be found under the section entitled **"Additional Information on Director Seeking Re-election"** on pages 144 to 145 of Annual Report of the Company.
- (d) Ordinary Resolution 7, if passed, will empower the Directors of the Company from the date of this AGM to issue shares in the Company up to the limits as specified in the resolution for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next AGM of the Company, unless previously revoked or varied at a general meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (e) The proposed Ordinary Resolution 8 and 9 are proposed in anticipation of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022.

With effect from 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST will provide that a Director will not be independent if he has been a Director for an aggregate period of more than nine years and his continued appointment as an independent Director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders excluding the Directors and the chief operating officer of the Company, and their respective associates.

Mr Sam Chong Keen is an Independent Director who has served for more than nine years.

Since Mr Sam Chong Keen is seeking re-election as Director at the AGM, the Company is proposing to seek, at the same time, the requisite approval from shareholders for his continued appointment as an Independent Director via a Two-Tier Voting process for a three-year term, with effect from the passing of this resolution proposed at the forthcoming AGM, until the conclusion of the third AGM of the Company following the passing of this resolution.

The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board will take some time and cannot happen overnight in order to maintain stability to the Board. Furthermore, the Company benefits from such Director who has, over time, gained valuable insights into the Group, its market and the industry.

The Nomination Committee and the Board have determined that Mr Sam Chong Keen remains objective and independent-minded in Board deliberations. His vast experience enables him to provide the Board and the various Board Committees on which he serves, with pertinent counsel and guidance to facilitate sound decision-making and that his length of service does not in any way interfere with his exercise of independent judgment nor hinder his ability to act in the best interests of the Company. Additionally, he fulfils the definition of an Independent Director in the SGX-ST Listing Rules and the Code. More importantly, the Board trusts that he is able to continue to discharge his duties independently with integrity and competency.

Notes:

- (1) The AGM will be held 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 (the "**Order**"). Printed copies of this Notice of AGM will not be sent to members. Instead, this Notice will be published on the Company's website at <http://www.stamfordtyres.listedcompany.com/agm.html>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
- (2) Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 11 September 2020. This announcement may be accessed at the Company's website at <http://www.stamfordtyres.listedcompany.com/agm.html>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (3) **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting 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 accompanying proxy form for the AGM may be accessed at the Company's website at <http://www.stamfordtyres.listedcompany.com/agm.html>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators by 5.00 p.m. on 18 September 2020 to submit their votes.

- (4) The Chairman of the Meeting, as proxy, need not be a member of the Company.
- (5) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
- (a) if submitted electronically, be submitted via email to srs.teamd@boardroomlimited.com; or
 - (b) if submitted by post, to be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

in either case, by no later than 3.00 p.m. on 27 September 2020, being 72 hours before the time for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

- (6) The Company's Annual Report 2020 has been published on the Company's corporate website and may be accessed at <http://www.stamfordtyres.listedcompany.com/agm.html> by clicking on the hyperlink for "Annual Report 2020". The Annual Report 2020 will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting 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), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Wee Kok Wah and Mr Sam Chong Keen are the Directors seeking re-election at the annual general meeting of the Company on 30 September 2020 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

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

Name of Director	WEE KOK WAH	SAM CHONG KEEN
Date of appointment	11 October 1989	9 December 1994
Date of last re-appointment (if applicable)	Managing Director not subject to rotation prior to implementation of Listing Rule 720(5)	28 August 2017
Age	74	67
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process)	Mr Wee Kok Wah (" Mr Wee ") possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. With his in-depth knowledge of the Group's operations, Mr Wee is in a good position to oversee the management of the Group's operations around the world.	Mr Sam Chong Keen (" Mr Sam ") possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. He will continue to contribute his valuable experiences and knowledge to the Board.
Whether Board appointment is executive, and if so, the area of responsibility	The appointment is executive. Mr Wee is the Group's President and Managing Director. He is responsible for setting the direction, formulating corporate strategies and overall management of the Group's businesses.	The appointment is Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member)	Group's President and Managing Director	Non-Executive and Independent Director; Chairman of the Board, NC and RC and a member of the AC.
Academic / Professional qualifications	Mr Wee holds a Bachelor of Social Science in Economics and Law from the then University of Singapore (now known as National University of Singapore).	Mr Sam holds a Bachelor of Arts (Honours) from the University of Oxford.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

Name of Director	Wee Kok Wah	Sam Chong Keen
Working experience and occupation(s) during the past 10 years	Mr Wee has been leading Stamford Tyres since the 1970s, steering the Company to a public listing in 1991. He has grown the business into an international operation in the distribution and retailing of tyres and wheels, and manufacturing of wheels. Highly regarded in the tyre industry and the business world, he was selected as a finalist for the Ernst & Young Entrepreneur of the Year award (under the category of Services and Business products) in 2004, one of the most prestigious awards for entrepreneurs.	Mr Sam is an experienced company Director, having served on the Boards of several listed companies for many years. He has worked at senior positions in the Singapore Government Administrative Service, National Trades Union Congress and Intraco Limited as well as CEO positions at Comfort Group Limited, VICOM Limited, Lion Asiapac Limited, Lion Teck Chiang Limited, A-Smart Holdings Ltd and Jade Technologies Holdings Limited. He was also the Political Secretary to the Minister for Education from 1988 to 1991. He served on various government boards and committees, including the Central Provident Fund Board and the National Co-operative Federation. Mr Sam is also the Non-Executive Chairman of Lion Asiapac Limited and sits on the Board of A-Smart Holdings Ltd as an Independent Director.
Any relationship (including immediate family relationships) with any existing Director/existing executive officer of the Company or any of its principal subsidiaries and/or substantial shareholder of the Company or any of its principal subsidiaries	Mr Wee is the spouse of Mrs Dawn Wee Wai Ying and father to Dr Wee Li Ann.	No
Conflict of interest (including any competing business)	No	No
Other Principal Commitments including Directorships		
Past 5 years	Nil	Nil
Present	Other Directorships: Stamford Tyres Corporation Ltd and subsidiaries; Wah Holdings Pte Ltd	Other Directorships: Lion Asiapac Limited; A-Smart Holdings Ltd
<p>Mr Wee Kok Wah and Mr Sam Chong Keen have each provided an undertaking as set out in Appendix 7.7 under Rule 720(1) of SGX-ST.</p> <p>Each of the Retiring Directors have also individually confirmed that on each of the questions as set out in paragraphs (a) to (k) of Appendix 7.4.1 to the Listing Manual of the SGX-ST, the answer is "No".</p> <p>The shareholding interest in the Company and its subsidiaries of each of these Directors are disclosed in the Directors' Statement on pages 50 to 51 of the Annual Report.</p> <p>The disclosure on prior experience as a Director of an issuer listed on the Exchange and details of prior experience is not applicable as this disclosure is only applicable to the appointment of a new Director.</p>		

STAMFORD TYRES

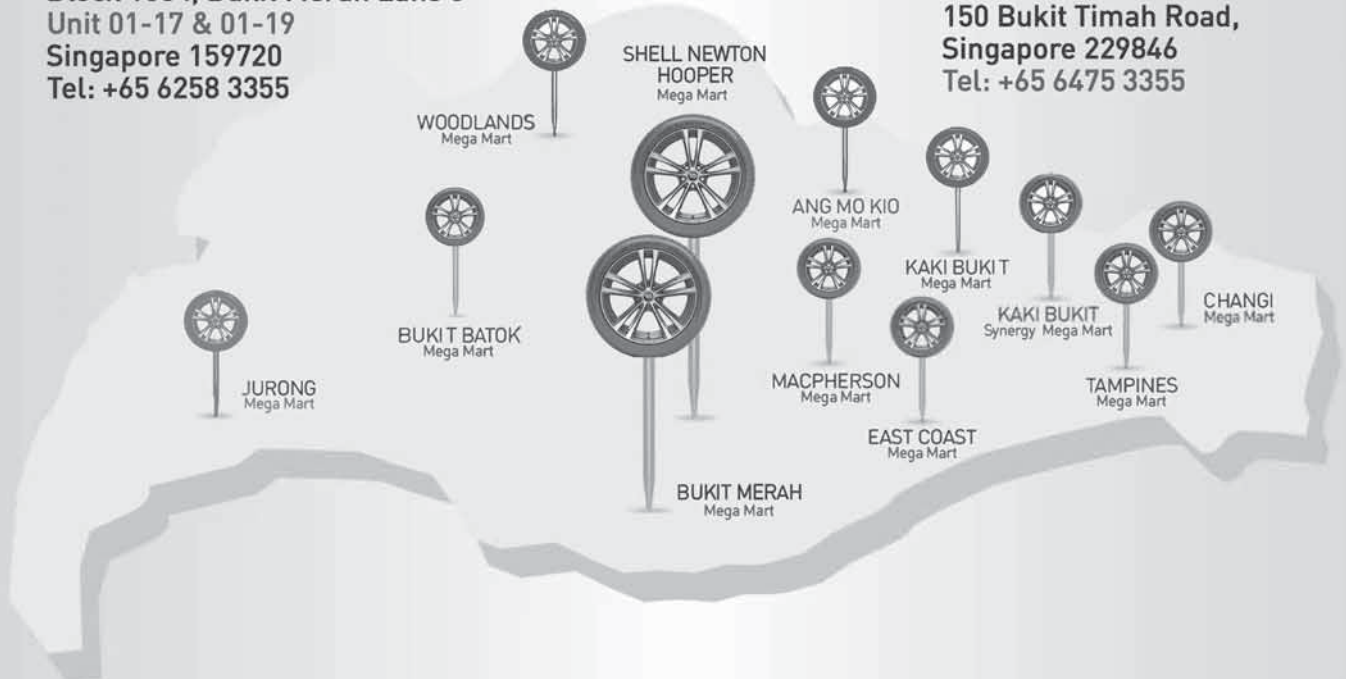
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STAMFORD TYRES CORPORATION LIMITED

Company Registration No. 198904416M
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT

- 1 The Annual General Meeting ("AGM") will be held 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 (the "Order"). Printed copies of the Notice of Annual General Meeting will not be sent to members. Instead, the Notice of AGM will be sent to members by electronic means via publication on the Company's website at <http://www.stamfordtyres.listedcompany.com/agm.html>. The Notice of AGM will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
- 2 Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 11 September 2020. This announcement may be accessed on the Company's website at <http://www.stamfordtyres.listedcompany.com/agm.html> and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
- 3 **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting 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.**
- 4 CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators by 5.00 p.m. on 18 September 2020 to submit their votes.
- 5 **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 September 2020.

I/We (Name) _____ NRIC/Passport/Company Registration No. _____

of (Address) _____

being a member/members of Stamford Tyres Corporation Limited (the "Company") hereby appoint the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the AGM of the Company to be held by way of electronic means on Wednesday, 30 September 2020 at 3.00 p.m. (Singapore time) and at any adjournment thereof, in the following manner:

No.	Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1.	Adoption of Directors' Statement, Auditor's Report and Audited Financial Statements			
2.	Approval of Directors' Fees			
3.	Declaration of First and Final Dividend			
4.	Re-election of Mr Wee Kok Wah as Director			
5.	Re-election of Mr Sam Chong Keen as Director			
6.	Re-appointment of Ernst & Young LLP as Auditor and authorisation to Directors to fix their remuneration			
SPECIAL BUSINESS				
7.	Authority to issue shares pursuant to the Share Issue Mandate			
8.	Approval for the continued appointment of Mr Sam Chong Keen, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST			
9.	Approval for the continued appointment of Mr Sam Chong Keen, as an Independent Director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST			

Voting will be conducted by poll. If you wish to appoint the Chairman of the Meeting as your proxy to cast all your votes For or Against a resolution, please indicate with a "✓" in the For or Against box provided in respect of that resolution. Alternatively, please indicate the number of votes For or Against in the For or Against box provided in respect of that resolution. If you wish to appoint the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with a "✓" in the Abstain box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the Abstain box provided in respect of that resolution.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2020

Total number of Shares held:	
---------------------------------	--

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting 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.** This proxy form may be accessed on the Company's website at <http://www.stamfordtyres.listedcompany.com/agm.html>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators by 5.00 p.m. on 18 September 2020 to submit their votes.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

(a) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or

(b) if submitted electronically, be submitted via email to srs.teamd@boardroomlimited.com;

in either case by 3.00 p.m. on 27 September 2020, being 72 hours before the time appointed for holding the AGM.

A member 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 in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

6. Members should take note that once this proxy form is submitted electronically via email to srs.teamd@boardroomlimited.com or lodged at the office of the Company's Share Registrar, they cannot change their vote as indicated in the box provided above.

7. Any reference to a time of a day is made by reference to Singapore time.

8. The Company shall be entitled to reject an instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy if the member, being the appointor, is not shown to have shares entered against his 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.



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Should your vehicle breakdown on the road, STAR VANS strives to be there promptly and provide you with all your needs to quickly get back on the road. Our services include on-site tyre change and rebalancing, battery change and fuel top up. In the event of an emergency, we also provide tyre repair and patching services. Our roadside assistance is available 24/7 and is supported by three dedicated mobile vans. Call 8797-3355.

WORKMANSHIP CHARGES

Services	7:00am to 11:59pm Monday – Saturday	12MN to 6:59am Monday – Saturday	All Day Sunday/ Public Holiday
1. Tyre Replacement & Balancing*	\$40	\$60	\$60
2. Spare Tyre change**	\$40	\$60	\$60
3. Tyre Repair & Patching ***	\$40	\$60	\$60
4. Battery Replacement*	\$40	\$60	\$60
5. Jump Start	\$40	\$60	\$60
6. Fuel top up****	\$40	\$60	\$60

Remarks

- * Prices displayed refer to workmanship charges only. Customers will be charged separately for tyres and batteries.
- ** Vehicle must have its own spare tyre.
- *** This includes one free tyre patching service.
- **** Prices displayed refer to petrol/diesel delivery fee only. Customers will be charged separately for petrol/diesel.

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model **S368**
SPEC 16" | 17" | 18"
| 20"
FINISHING FULL COLOR, FULL POLISH



model **S369**
SPEC 19"
FINISHING FULL COLOR, FULL POLISH