



**2023**

ANNUAL REPORT

**環球石油常年報告**

**AP OIL INTERNATIONAL LIMITED**

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## CORPORATE PROFILE 集团简介

Established in 1975, AP Oil International Ltd ("AP Oil") was public listed in 2001 and upgraded to the main board of Singapore Exchange in 2003.

AP Oil started its lubricant blending in 1981, setting up the first Singaporean owned lube plant in the Republic. In Singapore, the Group currently owns two blending plants for lubricating oils and two blending plants for specialty chemicals. In Vietnam, the Group operates one blending plant for lubricating oil through a Vietnam joint venture (AP Saigon). In China, the Group has one subsidiary in Shanghai and two joint ventures in Chongqing.

AP Oil makes world class lubricants that meet standards and specifications of international institutions and OEM requirements. We are a leading lubricants and specialist chemicals manufacturer in the Asia Pacific, serving customers from more than 20 countries, including U.S.A., Greece, Australia, China, Japan, Bangladesh, the Middle East and ASEAN regions, etc.

环球石油成立于1975年，2001年在新加坡交易所上市，2003年晋升主板。

1981年开始设厂生产，是新加坡第一家本地人设立的润滑油调配工厂。集团目前在新加坡拥有四家工厂，两厂生产润滑油，两厂生产特殊化工品。在越南胡志明市有一家合资润滑油工厂，在中国上海有一家子公司，在重庆也有两家合资公司。

我们生产国际机构标准和规格以及原设备制造商认证的世界级润滑油品。集团是亚太地区领先的润滑油和特殊化学品制造商，客户来自20多个国家，包括美国、希腊、澳大利亚、中国、日本、孟加拉、中东和亚细安（东盟）多国。

## VISION 愿景

To be a reputable leader in the lubricants and specialty chemicals industries in the Asia Pacific region.

成为亚太地区润滑油和特种化学品行业的卓越领导者。

## MISSION 使命

To deliver world class quality products and always provide better services, exceeding customer's expectations in the ever changing market requirements.

提供世界级一流质量的产品，优质的服务，努力超越客户在不断变化市场中的需求和期望。



The infinity icon of the logo symbolizes a world of unlimited possibilities. This reflects our philosophy of “All Possibilities” (AP), our aspiration to create and explore endless business opportunities in the oil industry and beyond. Marine blue signifies strength and resource. The evolving shades of blue, conveying dynamism and mobility, depicts our creative energy and progressive spirit in pursuit of growth in the ever changing world. The green element underscores our commitment to environmental friendliness and corporate social responsibility.

公司标志的双环图像代表无穷大的境界，蕴含无限机遇。我们会在石油化工及集团经营的其他领域不断寻找无限商机，为争取优越表现而不懈地努力。海蓝色象征才智与资源。色调递变，青出于蓝，更胜于蓝，寓意日新月异世界中力争上游、创新进取的精神。青绿色代表和谐与融洽，凸显我们对环保与履行企业社会责任的承诺。

# ALL POSSIBILITIES 无限机遇



## THE POSSIBILITY OF PEOPLE 以人为本

Behind our AP Oil brand is our heartware – the individuals who set wheels in motion. From the management, staff, stakeholders to partners, they are ambassadors representing the human spirit of our AP Oil brand. Empowered in spirit, body and mind, believing that the power of human energy has no boundaries, makes all things possible.



## THE POSSIBILITY OF PERFORMANCE 优异表现

The pursuit of optimum performance remains at the heart of our business through constant research and development, we believe performance drives us forward in search of achieving the best.

Along with an innovative mindset running seamlessly throughout our organisation, we strive towards providing the best possible performance in sustaining the quality of life.



## THE POSSIBILITY OF PARTNERSHIP 合作共赢

AP Oil values the synergy of partnership – collaborating with our partners, friends and industry players, always. Through the mutual exchange of ideas, opinions and perspectives, we believe that all can be made possible when we work together.

More importantly, in our efforts to provide more efficient energy, we partner the environment to ensure a cleaner environment for all.

# OUR CORPORATE CULTURE

## 我们的企业文化



- DILIGENCE
- SINCERITY
- LOYALTY
- HARMONY

Diligence and devotion have been a hallmark of AP Oil's work forces.

Sincerity and fairness in all our dealings is what we believe in and practise everyday.

Loyalty to the Company and commitment to give the best in all our endeavours are traditions we adhere to and take pride in keeping.

Cordial teamwork always exists among all levels of staff members and this spirit of harmony is extended to business partners particularly customers with bona fide bonding, friendly and the best possible service.

This corporate culture, which has been tenderly nurtured from day one, is transcended from the boardroom to the shop floor.

It has stood AP Oil in good stead, enabling us to overcome challenges and to grow in the past decades and emerge as one of the leading lubricants and specialty chemical specialists in the Asia Pacific.

勤奋努力和拚搏奉献一直是环球石油团队成员的特质。

以诚为本、公平互惠地处理所有事务，既是我们所信奉的目标，也是每天力行的常规。

忠于职守、精益求精是我们一向秉持的优良传统，我们对此引以为豪。

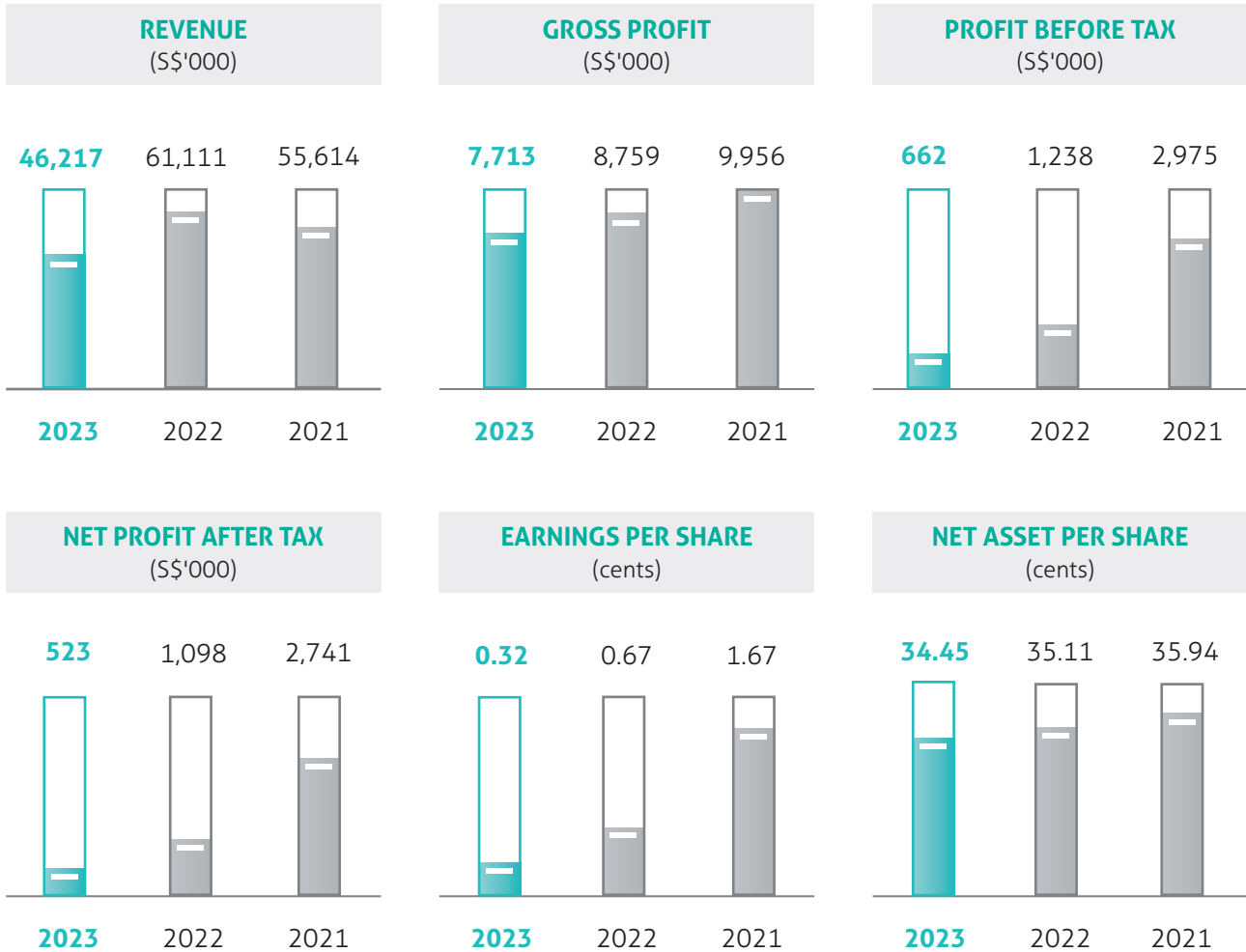
公司上下全体同仁协作无间，与业务夥伴融洽协作，尤其真诚地礼待顾客，力求为他们提供最优质的服务。

成立伊始，我们便悉心培植这一优良企业文化，时至今日，由上而下，已渗透到公司的各方面。

回望过去，它令集团受益无穷，使我们得以克服困难、茁壮成长，成为亚太地区领先的润滑油和特种化学品专家级企业之一。

# GROUP FINANCIAL HIGHLIGHTS

## 集团财务摘要



	2023	2022	2021
<b>Revenue (S\$'000)</b>	46,217	61,111	55,614
<b>Gross Profit (S\$'000)</b>	7,713	8,759	9,956
<b>Gross Margin (%)</b>	16.7	14.3	17.9
<b>Profit Before Tax (S\$'000)</b>	662	1,238	2,975
<b>Net Profit After Tax (S\$'000)</b>	523	1,098	2,741
<b>Net Margin (%)</b>	1.1	1.8	4.9
<b>Earnings Per Share (cents)</b>	0.32	0.67	1.67
<b>Net Asset Per Share (cents)</b>	34.45	35.11	35.94
<b>Ordinary Shares</b>	164,531,172	164,531,172	164,531,172

# CHAIRMAN'S MESSAGE

## 主席献词

**Dear Shareholders, Business Partners and Friends,**

The COVID-19 pandemic has catastrophically disrupted global economic activities, while the outbreak of the Russia-Ukraine War led to the soaring of global energy prices and contestations between the two largest economies in the world have continuously intensified. The military conflict in the Middle East, at the end of 2023, further exacerbated the situations, causing blockage in the Red Sea shipping lanes and disruptions to the world supply chain.

As a result, the global economy has been shrouded in uncertainty, fraught with crises and daunting challenges. Singapore's economic growth slowed down from 3.8% in 2022 to 1.1% in 2023. The Group's annual revenue in 2023 decreased by 24%, year on year, and the net profit after tax was halved.

Moreover, rapid advancements in technologies, such as artificial intelligence, robotics, electric vehicles, renewable energy and digitization, in recent years, have brought about profound game changers in the world economic activities, particularly impacting small and highly internationalised countries like Singapore.

Accordingly, the Group has timely revised our business strategies and development plans. In addition to short-term focus on enhancing financial performance, medium-term development plans will also be adjusted annually. Business alliances, mergers and acquisitions remain key long-term objectives and growth strategies for the Group.

To address potential challenges in Group's future business development, many steps and measures have already taken shape. For instance, the Group's five diversified production bases (three factories producing lubricants, two factories producing chemicals) will function well in the next global pandemic with undisrupted customer supply. The spacious office premises of our headquarters have demonstrated the advantages during distancing/isolation measures amid the COVID-19 pandemic.

With awareness of the impact of electric vehicles on the demand for motor oils, we have focused on developing industrial oils. At the same time, we have also prudently utilized some of our ample internal funds to invest in related industries with growth potential and a start-up engaged in sustainable future green energy.

The Management fully understands that there are opportunities amid crises, and challenges can spur us to strive for excellence and forge ahead. As the saying goes, kites rise highest against the strong wind, not with it.

The Board of Directors has proposed to set the dividend for financial year 2023 at half a cent per ordinary share, as in the previous year. We are deeply grateful to shareholders, business partners and friends for your support throughout all these years.

Sincerest regards!



**Dr Ho Leng Woon**  
Chairman



# CHAIRMAN'S MESSAGE

## 主席献词

敬愛的各位股東和商界朋友，

百年未遇的冠病彻底扰乱了全球经济活动，2022年初爆发的俄乌战争令世界能源价格飙升，中美两大经济体的对抗不断加剧。2023年底爆发的中东军事冲突，红海航道受阻，供应链中断。

世界经济大气候因此阴霾密布，充满危机和严峻挑战。新加坡的经济增长从2022年的3.8%，下降到2023年的1.1%。2023年，环球石油集团年比总营收少了24%，税后利润则减半。

除了这些全球大规模天灾人祸，近年来科技的发展日新月异，如人工智能、机械人、电动车、新能源、数字化等等，使世界经济变化的变化几乎是翻天覆地，对像新加坡这个高度国际化小国的影响更是彻底。

这几年，集团实际上已经逐步在调整企业发展策略，经营计划。除了短期专注促进财务表现外，三五年中期的发展计划也会相应逐年加以调整。商业联盟和并购仍旧是集团长期的主要目标与增长策略。

应对未来经济发展可能的挑战，集团的布局许多已经成形实现了，如集团五个分散的生产基地（三厂产润滑油，两厂产化工品）足以应付全球再次的大瘟疫。总公司宽敞的办公场所在疫情期间的隔离措施已体现了优势。

我们也充分预知电动车的逐年普及对机油需求的影响，过去两年集中精力发展工业用油。同时，也善用部分我们的充裕储备资金，适量渐进地投资在有潜能的相关行业及可持续发展的绿色能源。

集团领导层深深体会到危机中有商机，挑战促使我们砥砺奋发，力争上游。所谓风筝只有迎著强风，才能越飞越高。

2023年集团的盈利虽然不尽人意，但董事会还是建议与去年一样，分发每股新币半分的股息。谢谢股东和各界人士对集团的多年支持。

衷心祝福大家！



何能恩博士  
集团主席

# CEO'S MESSAGE

## 执行总裁献词

### Dear Shareholders,

The economic hard landing in the year 2023 which was widely spoken of, mercifully did not materialise. What did happen according to expectations, was the Federal Reserve raising interest rates. That happened 4 times in 2023, resulting in the highest rates seen in two decades, with central banks around the world following.

The result is a further brake in global consumer and industrial demand. As a result of this, demand for our products decreased during the year. Against this backdrop, the Company revenue decreased to S\$46.2 million.

The decrease comes partly from the manufacturing segment – which reflects the lower demand for finished product – and from the trading segment. This is because the main volumes of the Company's trading activity primarily operate as a mechanism to guard against price volatility of the raw materials used in our manufacturing process.

On our asset investments, the customisation of the new premises purchased for GB Chemicals was completed in the first half of 2023. GB Chemicals has now happily moved into a place they can call their home. Additionally, the new equipment installed on 18 Pioneer Sector One has been put to use in early 2024. We are blessed to have had the facilities put in place in 2023, without which, we would not be able to fulfil the requirements demanded of the customer.

Going into 2024, the global economic conditions remain uncertain and we expect demand for our products to remain flat and gross margins to remain tight. These conditions favour companies with a healthy balance sheet and we are blessed in this regard. We will be in a good position to compete resiliently for market share and take advantage of any opportunities that may emerge from these difficult conditions.

On behalf of the Board of Directors, Management and Staff of the AP Oil Group, I would like to thank our shareholders, customers, partners, bankers and suppliers for your strong and steadfast support.

Thank you and I look forward to meeting our shareholders at our upcoming Annual General Meeting.



**Mr Ho Chee Hon**  
Group CEO

## CEO'S MESSAGE 执行总裁献词

尊敬的股东们，

2023年人们预测的经济硬着陆，幸好没有出现。然而，正如预期的美联储加息却进行了四次，导致利率达到了二十年来的新高，全球各国央行纷纷跟随。

结果是全球消费和工业活动进一步减缓。因此，对我们公司的产品需求下降，去年公司营收降至4,620万元。

营收的下降一部分来自制造业板块，这反映了对成品需求的减少，同时贸易量也减少。这是因为公司的主要贸易活动旨在规避在制造业所使用的原材料价格的波动。

在资产投资方面，为GB化工购买的新工厂的手续已于2023年上半年完成。GB化工已经搬迁入他们属于自己的厂房。另外，在总公司安装的全自动装罐设备已于2024年初投入使用。我们很及时在2023年完成了这些设施，否则将无法满足日益增加的客户要求。

进入2024年，全球经济形势依然不确定，我们预计对我们的产品需求将保持平稳，而毛利率提升也不容易。鉴于财务状况健康，我们在这方面非常幸运。我们将处于良好的竞争地位，能够坚韧地争取市场份额，也可利用挑战和危机中找商机。

让我代表集团的董事会、管理层和员工，衷心感谢我们的股东、客户、合作伙伴、银行界和供应商对我们的坚定支持。

谢谢大家，期待在即将举行的年度股东大会上与各位股东见面。



何其泓  
集团 CEO

# BOARD OF DIRECTORS

## 董事部



**DR HO LENG WOON**  
CHAIRMAN

**何能恩 博士**  
主席

Dr Ho had been Chairman and Managing Director since 1983. He handed over the CEO portfolio to Mr Ho Chee Hon in May 2015 and remains Executive Chairman of the Group. Apart from masterminding the Group's corporate policy, enterprise direction and strategy, he also oversees R&D in lubricant sector. Dr Ho is also Chairman of AP Saigon Petro Joint Stock Co Ltd, AP Oil Shanghai Ltd and AP Oil (Chongqing) Ltd.

He holds a B. A. (Hons 1st Class) degree from Nanyang University, a PhD degree from the University of Hull, England and a diploma in Management Studies from Graduate School of Business, University of Chicago. Before joining the Company in August 1981, as a scholar, he was bonded to serve Singapore Government in the Public Utilities Board for 5 years and left as a Senior Hydrologist.

As an active participant in community services and charitable activities for more than four decades. Dr Ho had been on the management boards of Anglican High School, The Chinese High School, Hwa Chong Institution and Hwa Chong International School. He has also served as President of St John Brigade (Zone 2), Honorary Chairman of Sian Chay Medical Institution, Honorary Consul of the Republic of Djibouti in Singapore, Founding Chairman of Asian Lubricants Industry Association (ALIA).

何博士自 1983 年起一直担任主席兼董事总经理，2015 年 5 月将总裁职位交棒给何其泓先生，现为集团执行主席。何博士除了主导集团的政策方针，企业大计划外，也监管润滑油业务的研发工作。他也是越南的环球西贡石油联合股份公司、星环润滑油（上海）以及新环润滑油（重庆）的董事长。

他持有南洋大学文学学士（甲等荣誉）学位，英国赫尔大学博士学位以及芝加哥大学商科研究院管理文凭。1981 年 8 月加入公司前，作为政府奖学金得主，他曾在公共事业局服务 5 年多，离任时为高级水文专家。

何博士过去 40 多年踊跃参与公共及社区服务，历任圣公会中学、华侨中学、华中初级学院及华中国际学校等管委会董事。他也曾任圣约翰救护队第 2 区的主席，慈善机构善济医社的董事和名誉主席（现任），吉布提共和国驻新加坡荣誉领事及亚洲润滑油行业协会创会主席。



**MDM LAU WOON CHAN**  
DIRECTOR

**刘焕珍 女士**  
执行董事

Mdm Lau is one of the founders of the Company (formerly known as Huan Chew Oil Trading Pte Ltd, established in 1975 and public listed in 2001). She is responsible for financial management and assists the Chairman in exploring and evaluating new business opportunities and shaping the Group's policy and strategy. She is a director of the Group's major subsidiaries namely, AP Oil Pte Ltd, A.I.M. Chemical Industries Pte Ltd, GB Chemicals Pte Ltd, etc. Mdm Lau graduated from Nanyang University with a Bachelor of Arts Degree. Before joining the Company, she worked in private firms and Banque IndoSuez (Singapore).

刘女士是集团前身 1975 年成立的环球石油（Huan Chew Oil）贸易私人有限公司创办人之一。集团在 2001 年上市（公司中文名照旧但英文名改为 AP Oil），她继续督导财务管理，也协助主席探索及评估新商机及拟定集团政策及策略。

她也是多家集团主要子公司：环球石油私人有限公司、A.I.M. 化工有限公司、GB 化工有限公司的董事。刘女士毕业于南洋大学，获得文学学士学位。加入公司前，她曾在一家民营企业工作，也曾在法国东方汇理银行（新加坡分行）任职。

# BOARD OF DIRECTORS

## 董事部



**MR HO CHEE HON**  
DIRECTOR  
GROUP CEO  
Member, Audit Committee  
Member, Nominating Committee  
Member, Remuneration Committee

**何其泓 先生**  
执行董事  
集团总裁  
审核委员会成员  
提名委员会成员  
薪酬委员会成员

Mr Ho, joined the Group in 2005, was appointed to the Board in July 2009. He was promoted to Group Deputy CEO in September 2012 and Group CEO in May 2015. His responsibilities, apart from working with the Chairman in overall corporate direction, business policy and strategic planning, include overseeing day-to-day operation of the lubricants business.

Mr Ho is a director of the Group's subsidiaries and associated companies, namely AP Oil Pte Ltd, A.I.M. Chemical Pte Ltd, GB Chemicals Pte Ltd, Alpha Pacific Petroleum (S), AP (Vietnam) Holding, AP Saigon Petro JSC, AP Oil Shanghai, AP Oil (Chongqing), and Chongqing Zongshen Financial Leasing Company Limited.

Before joining the Group, Mr Ho, a Bachelor of Laws (Honors) graduate from National University of Singapore and a Master of Laws (Taxation) from Washington University in St. Louis, USA, practised as a lawyer with Messrs Rodyk & Davidson.

何先生于2005年加入集团并在2009年7月受委任为董事。2012年9月晋升为集团副总裁，并于2015年5月接任集团总裁一职。他除了协助主席规划整体发展方向、企业策划以及策略计划外，也专职负责督导日常润滑油的业务营运。

何先生也是集团所有子公司与联营企业的董事，包括环球石油私人有限公司、A.I.M. 化工、GB 化工、Alpha Pacific Petroleum(S)、AP（越南）控股、环球西贡石油、上海星环润滑油、新环润滑油（重庆）及重庆宗申融资租赁有限公司。

他拥有新加坡国立大学法学（荣誉）学士学位和美国圣路易斯华盛顿大学法学（税务）硕士学位，加入集团之前是本地著名的瑞德律师事务所的律师。

# BOARD OF DIRECTORS

## 董事部



**MR CHANG KWOK WAH**  
DIRECTOR

**曾觉华 先生**  
执行董事

Mr Chang was appointed to the Board in 2004. He is Managing Director of the Group's subsidiary, A.I.M. Chemical Industries Pte Ltd. He plays a leading role in business development, sales, finance, production, and general administration for the subsidiary.

He holds a Masters Degree in Business Administration (MBA) from Brunel University, U.K. and is an Associate Member of Chartered Secretaries, Australia.

曾先生于 2004 年被指任为环球石油的董事。他是集团全资子公司 A.I.M. 化工有限公司的董事总经理。子公司的业务发展、销售、财务、生产及行政等都由他领导。

曾先生拥有英国布鲁耐尔大学的工商管理学硕士学位。他也是澳大利亚特许秘书协会的会员。



**MR MAH HOW SOON**  
INDEPENDENT DIRECTOR  
Chairman, Audit Committee  
Member, Nominating Committee  
Member, Remuneration Committee

**马浩顺 先生**  
独立董事  
审核委员会主席  
提名委员会成员  
薪酬委员会成员

Mr Mah was appointed as an Independent Director on 4 January 2021. He is currently the Managing Director of RHT Capital Pte. Ltd. He has had many years of transactional and management experience in corporate finance projects with several financial institutions and boutique advisory firms. He has played a key role in advising companies from many industries and countries on a wide range of transactions relating to equity capital markets, and mergers and acquisitions.

He is currently an Independent Director of Clearbridge Health Limited. His past directorships include Katrina Group Ltd. and 800 Super Holdings Limited.

Mr Mah graduated with a Bachelor of Accountancy with honours from Nanyang Business School, and a Master of Business Administration from The University of Chicago Booth School of Business. He is a Chartered Accountant (Singapore) and a Chartered Financial Analyst.

马先生于 2021 年 1 月 4 日被指任为独立董事。他目前是瑞信德资本有限公司的董事总经理。他曾在多家金融机构和精品咨询公司任职，并在企业金融项目中拥有多年的交易和管理经验。他在为许多行业和国家的企业提供与股权资本市场以及并购相关的咨询服务中发挥了关键作用。

他目前是明策集团的独立董事。他过去的董事职位包括 Katrina Group Ltd. 和 八百控股有限公司。

马先生毕业于南洋商学院，获得会计学学士（荣誉）学位，并于芝加哥大学布斯商学院获得了工商管理硕士学位。他是一名特许会计师（新加坡）和一名特许财务分析师。

# BOARD OF DIRECTORS

## 董事部



**MR WAN KUM THO**  
INDEPENDENT DIRECTOR  
Member, Audit Committee  
Chairman, Nominating Committee  
Chairman, Remuneration Committee

**尹金涛 先生**  
独立董事  
审核委员会成员  
提名委员会主席  
薪酬委员会主席

Mr Wan was appointed as an Independent Director on 4 January 2021. He is currently the Managing Director, Investment, APAC of Singtel Innov8 Private Ltd, with venture capital, private equity and operational experience, in corporate finance and restructuring projects.

Currently, an Independent Director of Tat Hong Equipment Service Co. Ltd and Nanofilm Technologies International Limited. He graduated from National University of Singapore with Bachelor of Business Administration (Honours).

尹先生于2021年1月4日被指任为独立董事。他目前是 Singtel Innov8 Private Ltd 亚太地区投资董事总经理，具有风险资本，私募股权和运营经验，并参与公司融资和重组项目。

他目前也是 Tat Hong Equipment Service Co., Ltd 和 Nanofilm Technologies International Limited 的独立董事。他毕业于新加坡国立大学，获得工商管理学士（荣誉）学位。

# KEY EXECUTIVES

## 子公司主管简介



**MR CHANG KWOK WAH**  
MANAGING DIRECTOR  
A.I.M. Chemical Industries Pte Ltd

**曾觉华 先生**  
董事总经理  
A.I.M. 化工有限公司

A.I.M. Chemical Industries Pte Ltd was established in 1976. Mr Chang joined in 1983 and appointed as Managing Director since 1992. In 2001, A.I.M. Chemical became the Group's wholly-owned subsidiary. Mr Chang has continued to serve as Managing Director taking leadership role in business development, sales, finance, production, and general administration for the subsidiary.

He holds a Masters Degree in Business Administration from Brunel University, United Kingdom.

A.I.M. 化工有限公司成立于 1976 年。曾先生于 1983 年加入 A.I.M. 服务，1992 年升任该公司董事总经理。2001 年 A.I.M. 成为集团属下全资子公司，曾先生受聘继续担任董事总经理，负责该子公司的领导工作，包括业务发展、销售、财务、生产及行政等。

曾先生拥有英国布鲁耐尔大学的工商管理学硕士学位。



**MR ALPHONSUS CHUA**  
MANAGING DIRECTOR  
GB Chemicals Pte Ltd

**蔡福有 先生**  
董事总经理  
GB 化工有限公司

Mr Chua founded GB Chemicals Pte Ltd in 1996, it was acquired by the Group in 2004. He is responsible for the Company's overall management, planning and daily business activities. He also oversees the business development and key accounts.

He has over 40 years of experience in the specialty chemical industry. He was the Regional Manager for 10 years with Gibson Chemicals, an Australian company.

蔡先生于 1996 年创立 GB 化工有限公司。集团在 2004 年全面收购 GB 化工。蔡先生负责该公司的整体管理、规划及日常业务运作，也负责监督该公司的业务发展和管理主要账目。

蔡先生在化工行业拥有逾 40 年的经验。他曾经担任澳大利亚公司 Gibson 化工的区域经理长达 10 年。



**MR LAU TAI CHONG**  
CHIEF FINANCIAL OFFICER  
AP Oil International Limited

**刘大聪 先生**  
财务总监  
环球石油有限公司

Mr Lau joined AP Oil International Ltd as Chief Financial Officer in July 2016. He has oversight of financial and management reporting, internal controls, treasury, tax, regulatory compliance, investment projects, financial systems and corporate secretariat.

Mr Lau previously held CFO positions in StatsChipPAC, Abacus International, Praxair Asia; and Financial Controller positions in various MNCs with responsibilities across Asia Pacific. Mr Lau graduated with a Bachelor of Accountancy degree from National University of Singapore and Master of Business Administration from Golden Gate University, San Francisco, USA.

刘先生于 2016 年 7 月加入环球石油有限公司，担任公司的财务总监。他监督财务和管理报告，内部控制，财务，税务，合规，投资项目，金融系统和公司秘书处的职能。

在加入环球石油有限公司之前，刘先生曾在 StatsChipPAC、Abacus International、Praxair Asia（亚洲普莱克斯集团）担任财务总监职务，在亚太地区担任多间跨国公司财务总监职务。刘先生毕业于新加坡国立大学，取得会计学学士学位，且持有美国旧金山金门大学工商管理硕士学位。



# REVIEW OF OPERATIONS

## 营运总结报告

In 2008, the joint venture of AP Saigon Petro JSC ("APSP") was set up in Ho Chi Minh City, Vietnam.

APSP was established by the Company and two other entities namely Saigon Petro, a 100% state-owned enterprise, and Tram Anh Co., Ltd. APSP, a joint venture for 50 years. The company engage in the manufacturing and blending of all types of lubricants, chemicals and petroleum related products. The shareholders' agreement stipulated joint management with AP Oil as Chairman.

Our Group recognizes its rights to the net assets of AP Saigon as investment and accounts for it using the equity method.

Through the last 15 years, APSP built up a good presence and name in Vietnam and Cambodia, supplying high quality lubricants and services to customers. To celebrate this momentous milestone, in October 2023, APSP held a celebration event with dinner and dance in Ho Chi Minh City, to thank the staff, distributors and customers for their commitment and support, culminating in a night of fun and dance (see photos). The management also took the opportunity to set targets for the next phase of growth.

环球石油（西贡）股份有限公司 (AP Saigon Petro JSC "APSP") 是 2008 年在越南成立的合资企业。

由环球石油、西贡石油 (Saigon Petro，100% 越南国有企业) 和 Tram Anh 有限公司联营。公司生产调配各类润滑油，在越南和柬埔寨市场提供润滑油、化学品和石油相关产品服务。合资期限 50 年，股东协议明确规定了共同管理，由新加坡方任主席。

集团将 APSP 的权益视为投资，并按照权益法核算。

15 年来，APSP 在越南市场上树立了良好的声誉，为广大客户提卓越的润滑油产品服务。为了庆祝这一重要的里程碑，2023 年 10 月，APSP 在胡志明市举办了盛大的庆典和晚宴等活动，感谢员工、经销商和客户多年来对公司的支持与奉献，并共同享受了这个充满欢乐的时刻（见本页照片）。在这个庆典上，管理层也报告了未来几年公司发展的目标和计划。



# REVIEW OF OPERATIONS

## 营运总结报告

### PERFORMANCE BY OPERATING SEGMENTS

#### MANUFACTURING

Manufacturing segment accounted for 67% or S\$30.9 million of the Group's revenue in FY2023 (FY2022: 65%, S\$39.7 million). Manufacturing comprises mainly blending of lubricating oils and specialty chemicals.

For lubricating oil, AP Oil Group operates three blending plants: two wholly owned in Singapore and one joint venture in Vietnam (AP Saigon Petro) – these plants produce a wide range of lubricants for automotive, industrial and marine applications. Our lubricants are marketed mainly under the brand name of "AP Oil" and "SIN-O".

Specialty chemicals are produced by two of our wholly-owned subsidiaries namely A.I.M. Chemical Industries Pte Ltd and GB Chemicals Pte Ltd.

#### TRADING

Trading activities cover purchase and sale of raw materials used for lubricants and specialty chemicals manufacturing (mainly base oils and chemicals) and finished products purchased from third parties that our Group do not produce.

This segment accounted for 33% or S\$15.3 million of the Group's revenue in FY2023 (FY2022: S\$21.5 million). The lower year-on-year revenue was mainly from reduced base oil and finished product sales.

### 各业务部门业绩结果

#### 制造

制造部在 2023 财年占集团总收入的 67%，达 3,095 万新元相比前财年的 3,966 万新元减少了。这部分业务主要是润滑油与特种化学品的制造和销售。

润滑油业务方面，集团现经营三家润滑油调配工厂，新加坡有两家全资工厂，在越南有一家合资的工厂。这三家工厂生产各类润滑油产品，主要提供车辆、工业以及船只使用。我们的润滑油产品多以 "AP Oil" 和 "SIN-O" 两大品牌营销各地。

在特种化学品业务方面，则由两家在新加坡的全资子公司 — A.I.M 化工和 GB 化工负责生产和销售。

#### 贸易

贸易部主要涉及购买与销售用于生产润滑油与特种化学品所用的原材料（主要是基础油和化学品）以及来自第三方我们集团不从事生产的成品交易。

这部分的销售额在 2023 财年为 1,527 万新元，占集团收入的 33% 相比 2022 财年则为 2,145 万新元。

# REVIEW OF OPERATIONS

## 营运总结报告

### PERFORMANCE BY GEOGRAPHICAL MARKETS

AP Oil Group exports a full range of lubricants and specialty chemicals to customers from more than 20 countries. Main markets in FY2023 were Singapore, countries in Southeast Asia, Middle East, East Asia and Indian Subcontinent.

Singapore was the Group's largest market, recording 63% of the Group's revenue for FY2023. Sales in Singapore decreased by S\$14.4 million to S\$29.3 million – this includes marine lubricants sales to foreign customers but delivered to vessels calling at the Singapore port, and specialty chemicals sales to Singapore based multinational companies for export.

Sales to Southeast Asia (excluding Singapore), was the second largest market contributing 13% or S\$5.9 million to the Group's revenue in FY2023. This was followed by Middle East with 10% or S\$4.5 million to the Group's revenue in FY2023.

East Asia and Indian Subcontinent accounted for 7% or S\$3.2 million and 6% or S\$2.6 million of the Group's revenue respectively in FY2023. Other markets made up the balance of 1% or S\$0.7 million of the Group's revenue in FY2023.

### 各地区市场表现

集团向世界各地出口各类润滑油和特种化学品，我们的客户来自超过 20 个国家。在 2023 财年，集团的主要市场为新加坡、东南亚、中东、东亚和印度次大陆。

虽然在统计数字上新加坡是集团的最大市场，占为 2023 财年总收入的 63%，但这市场销售额其实包含了很大部分船用润滑油出售予外国客户在新加坡港口停靠的船舶，以及特种化学品卖给在新加坡的跨国企业，再出口到世界各地。这市场的销售额 2023 年减少了 1,439 万新元至 2,928 万新元。

集团第二大市场为东南亚（新加坡除外），在 2023 财年的销售额为 587 万新元，占集团收入的 13%。第三大市场则是中东，在 2023 财年的销售额为 451 万新元，占集团收入的 10%。

东亚和印度次大陆在 2023 财年的销售额总计分别为 322 万新元和 264 万新元，分别占集团收入的 7% 和 6%。其它市场在 2023 财年销售额为 69 万新元，只占集团收入的 1%。

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# CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") and its Management set high standards of corporate governance within the Company and its subsidiaries (collectively, the "**Group**"), and are committed to ensure that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximize long-term shareholder value.

The Group recognizes that good governance processes are essential for enhancing corporate sustainability. This report describes the Group's corporate governance structures and practices that were in place throughout the financial year ended 31 December 2023 ("**FY2023**").

The Board is pleased to confirm that for FY2023, the Group has adhered to the principles and provision as set out in the Code of Corporate Governance 2018 ("**Code 2018**"). Where there are deviations from the Code 2018, appropriate explanation is provided.

## A. BOARD MATTERS

### The Board's Conduct of Affairs

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

Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top, and desired organization culture, and ensures proper accountability within the Company. Directors are required to disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his/her knowledge. Directors facing conflicts of interest voluntarily recuse themselves from discussion and decisions involving the issue of conflict.

The Company is headed by an effective Board, comprising individuals with experienced and diversified background and collectively leads and works with Management to achieve long-term success of the Company and Management remains accountable to the Board.

Directors understand the Company's business as well as their directorship duties. The Board decides on matters that require its approval and clearly communicates this to Management in writing. The matters that require Board approval are as follows, these are disclosed in the Company's annual report:

- Strategies and objectives of the Group;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Announcement of half-year and full year results, and release of annual reports;
- Issuance of securities;
- Declaration of interim dividend and proposed final dividend;

# CORPORATE GOVERNANCE REPORT

- Convening of shareholders' meetings;
- Considering sustainability issues such as environmental and social factors as part of its strategic formulation;
- Material acquisition, investment, divestment or capital expenditure; and
- Corporate or financial restructuring.

The Board will review these matters on a periodic basis to ensure their relevance to the operations of the Group.

The principal function of the Board is to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's role is to:

- a) Provide leadership, set aims, policies, strategies and ensure resources are in place to achieve the objectives of the Company;
- b) Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- c) Review management performance, funding requirements, expansion programs, capital investment and major acquisitions and divestments proposals;
- d) Identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;
- e) Set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- f) Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
- g) Assume responsibility for corporate governance.

All directors are required to objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company. To assist in the execution of its responsibilities, the Board has delegated some responsibilities to specific committees namely, the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit Committee ("AC"). The Board Committees operate under clearly defined terms of reference setting out their composition, authorities and duties, including reporting back to the Board. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company. The Board Committees report their activities regularly to the Board and minutes of the Board Committee meetings are also regularly provided to the Board. The effectiveness of each Board Committee is also constantly monitored to ensure their continued relevance. The Board acknowledges that while these Board Committees have the authority to deal with certain issues and present their findings and decisions to the Board, the ultimate responsibility for these decisions lies with the Board. The key terms of reference and composition of each Board Committee can be found in this report.

# CORPORATE GOVERNANCE REPORT

A schedule of Board and Board Committee meetings to be held for the calendar year is provided to the Directors. The Board meets at least two times a year. In addition to the scheduled meetings, adhoc board briefings, conference calls and physical meetings are held as warranted by particular circumstance or as deemed appropriate by the Board members. To ensure maximum Board participation, the Company's Constitution permits meetings of the Directors to be conducted by telephone or other methods of simultaneous communication by electronic means. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means or via circulation of written resolutions for approval by the relevant members of the Board or Board committees.

The attendance of the Directors at meetings of the Board, Board Committees and Annual General Meeting ("AGM"), as well as the frequency of such meetings held during FY2023 are as follows:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee		Annual General Meeting	
	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance
Dr Ho Leng Woon	2	2	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1	*0
Mdm Lau Woon Chan	2	2	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1	*0
Mr Ho Chee Hon	2	2	2	2	1	1	1	1	1	1
Mr Chang Kwok Wah	2	2	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1	1
Mr Mah How Soon (Ma Haoshun)	2	2	2	2	1	1	1	1	1	1
Mr Wan Kum Tho	2	2	2	2	1	1	1	1	1	1

\* Absence due to medical leave (Covid-19)

Newly appointed directors undergo an orientation session, which include presentation by Management to familiarize them on the Group's businesses, operations and strategic directions. The new director will also have the opportunity to visit the Group's operational facilities. The orientation program gives the new director an understanding of the Group's businesses to assimilate into his new role. The Company will also provide a formal letter setting out the duties and obligations of a Director.

Directors are provided with continuous briefing and update in areas such as changes in company law, changes in SGX listing rules, corporate governance practices and changes in financial reporting standards, so as to enable them to make well-informed decisions. The details of update, briefing and training program attended by the Directors in FY2023 are as follows:

- the external auditors, RSM Chio Lim LLP, briefed the AC and the Board on the developments in financial reporting and governance standards; and
- the Chief Executive Officer updated the AC and the Board on business and strategic developments pertaining to the Group's businesses.

# CORPORATE GOVERNANCE REPORT

Directors are provided with opportunities to develop and maintain their skill and knowledge at the Company's expense. The details of training program attended by the Directors in FY2023 are as follows:

Director	Training Attended	Date
Mr Chang Kwok Wah	Top Executive WSH Programme (TEWP)	02 August 2023
Mr Wan Kum Tho	ACRA-SGX-SID Audit Committee Seminar	11 January 2023
Mr Mah How Soon (Ma Haoshun)	Ethics for Representatives of Financial Firms	26 July 2023
	Introduction to Anti-Money Laundering and Terrorist Financing Legislation	07 August 2023
	Asset and Wealth Management Revolution Conference	12 September 2023
	Accounting and Finance Show Asia	10 October 2023
	Quantitative & Algo Trading	21 November 2023

All Directors are required to declare their board representations. The Board is of the view that the effectiveness of each Director is best assessed by a qualitative assessment of the Director's contribution and his ability to devote sufficient time and attention to the Company's affairs. When a Director has multiple board representation, the NC will consider whether the Director is able to adequately discharge his duties as a director of the Company, taking into consideration the Director's number of listed Company board representations and other principal commitments. Acknowledging that a Director's ability to commit time to the Group's affairs is essential, the Board has set an internal limit on the maximum number of listed company board representations which any director may hold. The Board agrees that there should be no more than 4 directorships for a Director with full-time employment and 6 directorships for a Director with no full-time employment.

The Company makes available to all Directors its management accounts, cash flow projections, annual budget and other financial information. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations. As a general rule, board papers are prepared and circulated to each Director in advance of each meeting. This is to give directors sufficient time to review and consider the matters to be discussed so that discussions can be more meaningful.

Management provides Directors with complete, adequate and timely information prior to meetings, and on an ongoing basis to enable them to make informed decisions and discharge their duties and responsibilities.

Directors have separate and independent access to management, the company secretary, and external advisors where concurred by the Chairman at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.



# CORPORATE GOVERNANCE REPORT

## Board Composition and 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.**

The Company endeavors to maintain a strong and independent element on the Board. As at the date of this report, two out of the six Board members are Independent Directors. The Board comprises the following members:

### Executive Directors

Dr Ho Leng Woon (Chairman)  
Mdm Lau Woon Chan  
Mr Ho Chee Hon (Chief Executive Officer)  
Mr Chang Kwok Wah

### Non-Executive Directors

Mr Mah How Soon (Ma Haoshun) (Independent)  
Mr Wan Kum Tho (Independent)

While the Chairman and the Chief Executive Officer are immediate family members, the Board is of the opinion that based on the Group's current size and operations, and the core competencies and experience of its members, it is not necessary to have Independent Directors make up a majority of the Board.

The Board has examined its composition, taking into account, *inter alia*, the Board Diversity Policy implemented by the Company, and is of the view that the two Independent Directors are appropriate for effective decision making. All the Board Committees, listed in Principle 1, are chaired by an Independent Director, with the Independent Directors forming the majority in these committees. Decisions made at these Board Committees' meetings are by majority consensus. The Independent Directors evaluate the proposals submitted by Management and provide guidance on relevant aspects of the Group's business; including a majority requirement in the final decision making process.

To strengthen the independence of the Board, Mr Mah How Soon (Ma Haoshun) was appointed as the Lead Independent Director. He is the principal liaison in the event that any issues arise between the Independent Directors and the Executive Directors. He is available to address the concerns of shareholders, employees or other persons in the event that interaction with the Executive Chairman and Chief Executive Officer fail to satisfactorily resolve their concerns or where such channel of communications is considered inappropriate.

The NC assesses on an annual basis whether or not a director is independent, taking into account the Code 2018 definition of an "independent" director and guidance on relationships, the existence of which would deem a director not to be independent.

In line with the guidance in the Code 2018, including the amendment of Provision 2.1 on 11 January 2023, the Board views an Independent Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporation, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of the Director's independent judgement in the best interest of the Company.

# CORPORATE GOVERNANCE REPORT

Each Independent Director is required to complete a Director's Independence Form annually to confirm his independence. For FY2023, the NC carried out a review on the independence of each Independent Director based on the foregoing consideration, the respective Director's Independence Form and their actual performance on the Board and Committees. Having carried out their review, the Board and the NC are satisfied that the two Directors, who are non-executive, are independent.

The Board recognizes that the Independent Directors may over time develop significant insights in the Group's businesses and operations, and continue to provide noteworthy and valuable contribution to the Board. The independence of the Independent Directors must be based on the substance of their professionalism, integrity, objectivity and not on the number of years which they have served on the Board.

There is no Independent Director who has served on the Board beyond nine years from the date of his first appointment.

The Independent Directors do not exercise Management function in the Group.

The Independent Directors meet for discussions as and when required, without the presence of Management or the Executive Directors to review any matters that must be raised privately and provide feedback to the Board as appropriate.

Management regularly puts up proposals or reports for the Board's approval, where appropriate for instance, proposals relating to specific proposed transactions or general business direction or strategy of the Group. Independent Directors evaluate the proposals made by Management, and where appropriate provide guidance to Management on relevant aspects of the Group's business. In addition, Independent Directors meet, at least once a year, in the meetings with the external auditors and internal auditors and on such other occasions as may be required.

The Board is of the opinion that its size of six Board members is both effective and efficient. The Board's structure, size and composition is reviewed annually by the NC who is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Group's operations, to facilitate effective decision making. Details of the Board members' qualifications and experience are presented in pages 10 to 13 of this Annual Report.

Having considered the areas of specialization and expertise of each Director, the NC is satisfied that the Board has an appropriate mix of expertise, knowledge, experience, education background, gender and age, and collectively possesses a range of competencies in finance, accounting, inorganic growth experience, risk assessment and management, audit and internal controls, financial markets and the requisite industry knowledge to lead the Company effectively, avoid group think and foster constructive debate. The Company considers that the Board's composition of Independent Directors provides effective contribution to the Board with a mix of knowledge and business contacts, including a broad in-depth business and commercial experience. This balance is particularly important to ensure that the strategies proposed by Management are fully examined and take into account the long-term interests of the Company.

The Company has adopted a Board Diversity Policy which sets out its policy and framework for promoting diversity on the Board, to enhance its decision-making capability and be more effective in dealing with strategic change, to avoid group think and foster constructive debate. The Board Diversity Policy recognizes that a well-balanced, diverse and inclusive Board is necessary in bringing fresh perspectives and providing constructive challenges to Management. The Board Diversity Policy provides for the NC to consider the diversity

# CORPORATE GOVERNANCE REPORT

of factors such as skills, knowledge, professional experience, educational background, gender and age. The skills considered include finance, accounting, inorganic growth experience, risk assessment and management, audit and internal controls, industry knowledge, financial markets etc. The NC will review these factors from time to time and the Board may set specific targets and timelines to achieve a diversity of skills, experience and values necessary to support the Company's long term strategic objectives, to future proof the Company's business against disruption and meet the pressing challenges of the day. The Board had opportunity to put this matrix to the test in the 2 years spanning 2019 to 2021, to replace our 2 retiring Independent Directors. Given the Company's position of low gearing, high cash reserves and the long term strategy of inorganic growth, skillsets relating to capital markets, finance, M&A experience, investment, assessment of new ventures and market regulations were targeted to be added to the Board. Numerous candidates of diverse gender, age, ethnicity, and skillsets were canvassed through personal and corporate contacts, and also with help from the Singapore Institute of Directors Board Match service. Finally, two candidates were decided upon and the Board successfully achieved our skill set diversity target in 2021 with the appointment of our two current Independent Directors.

The current Board composition reflects the Company's commitment to Board diversity. The current Board comprises members with strong professional knowledge, business skillsets and broad experience suitable for the long term interests of the Company. In terms of gender, one out of six Directors is female representing 17% of the Board composition, close to the ratio of female representation in the boards of the SGX top 100 companies as at 30 June 2023. The Board will continue to review the diversity of the Board on a year to year basis to ensure that the skillset present on the Board is suitable to the needs of the Company.

The NC will take the principles of the diversity policy into consideration when determining the optimal composition of the Board, and when recommending any proposed changes to the Board. On the recommendation of the NC, the Board may set measurable objectives and specific diversity targets, with a view to achieving an optimal Board composition, and these objectives and specific diversity targets may be reviewed by the NC from time to time to ensure their appropriateness. The Board remains committed to implementing its Board diversity policy and any further progress made towards the implementation of such policy will be disclosed in future Corporate Governance reports, as appropriate.

## Chairman and Chief Executive Officer

### **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 and Chief Executive Officer of the Company are separate individuals but are however, immediate family members. The Chief Executive Officer of the Company, Mr Ho Chee Hon, is the son of Dr Ho Leng Woon, Chairman of the Company.

All major proposals and decisions are discussed and reviewed by the Board. The Chairman and Chief Executive Officer's performance and appointment to the Board is reviewed by the NC and their remuneration packages are reviewed by the RC. The AC, NC and RC consist of a majority of Independent Directors. The Board believes that there are sufficient strong and independent elements and safeguards in place against an uneven concentration of power and authority.

The Board sets out the division of responsibilities between the Chairman and the Chief Executive Officer.

The roles of the Chairman and Chief Executive Officer are separate and their responsibilities are clearly defined to ensure a balance of power and authority within the Company.

# CORPORATE GOVERNANCE REPORT

The Chief Executive Officer, Mr Ho Chee Hon, has full executive responsibilities of the overall business and operational decisions of the Company.

As Chairman of the Board, Dr Ho Leng Woon is responsible for leading the Board. The Chairman's duties and responsibilities include:-

- a) Leading the Board to ensure it is effective in its role;
- b) Setting direction and agenda for the Company to enable the Board to perform its duties responsibly;
- c) Ensuring the proper conduct of meetings and accurate documentation of the proceedings;
- d) Ensuring the smooth and timely flow of information between the Board and Management;
- e) Ensuring compliance with internal policies and guidelines of the Company and high standards of corporate governance;
- f) Ensuring effective communication with shareholders through investors' relationship channels and timely announcements of Company's development; and
- g) Encouraging constructive relations between the Board and Management as well as between all Directors.

The Board has a Lead Independent Director to provide leadership in situations where the Chairman is conflicted. The Lead Independent Director is available to shareholders where they have concerns. There were no query or request on any matters which requires the Lead Independent Director's attention in FY2023.

The Board is satisfied that a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business and no one individual should have considerable concentration of power.

## 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.**

The NC is established for the purpose of ensuring that there is a formal and transparent process for all Board appointments. As at the date of this report, the NC comprises the following three members, majority of whom, including the Chairman of NC, are Independent Directors:-

Mr Wan Kum Tho (Chairman) (Independent Director)  
Mr Mah How Soon (Ma Haoshun) (Member) (Independent Director)  
Mr Ho Chee Hon (Member) (Executive Director)

The NC has adopted written terms of reference defining its membership, administration and duties that include:

- a) to make recommendations on all Board appointments, including development of a set of criteria for Director appointments, which includes qualifications of director; ability to exercise sound business judgment, relevance to the Company and the industry and appropriate personal qualities;

# CORPORATE GOVERNANCE REPORT

- b) to re-nominate Directors having regard to the Director's contribution and performance (e.g. attendance, participation and critical assessment of issues deliberated upon by the Board) and/or replacement of the Chairman, the CEO and key management personnel;
- c) to determine annually whether or not a director is independent;
- d) to decide how the Board's performance may be evaluated and propose objective performance criteria, such as return on equity ("ROE"), revenue and profit growth, as well as making comparison with industry peers to the Board;
- e) to review training and professional development programs for the Board and its Directors; and
- f) to review the appointment of key management personnel, including the appointment criteria, which includes qualification, managerial competencies, proven track record, relevance to the Company and the industry and appropriate personal attributes.

The NC regards succession planning as an important part of corporate governance and has an internal process of succession planning for Directors and the Chief Executive Officer to ensure the progressive and orderly renewal of Board membership.

The NC is responsible for identifying candidates and reviewing all nominations for the appointment of new Directors. The search and nomination process will be through search companies, contacts and recommendations. The NC will review and assess candidates before making recommendation to the Board. In recommending new Directors to the Board, the NC takes into consideration the individual's qualification, skills, calibre and experience required to support the Group's business activities or strategies, the current composition and size of the Board, and strives to ensure that the Board has an appropriate balance of Independent Directors as well as Directors with the right profile of expertise, skills, attributes and ability. The NC will seek to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

The role of NC also includes the reviewing of the re-nomination of Directors who retire by rotation, taking into consideration the Director's integrity, independence, contribution and performance. The Constitution of the Company currently requires one-third of the Directors to retire and subject themselves to re-election by the shareholders in every annual general meeting. All Directors of the Company shall retire from office at least once every three years. The Constitution of the Company also provides that a newly appointed Director must retire and submit himself for re-election at the next annual general meeting following his appointment. Thereafter, he is to be re-elected at least once every three years. A Director who is due for retirement shall abstain from voting on any resolution for re-nomination as a Director.

Pursuant to the one-third rotation rule, Mr Wan Kum Tho ("Mr Wan") and Mr Mah How Soon (Ma Haoshun) ("Mr Mah") will be seeking for re-election under Regulation 107 of the Company's Constitution at the forthcoming AGM.

The NC is satisfied that the Directors retiring in accordance with the Company's Constitution at the forthcoming AGM are qualified for re-appointment by virtue of their skills, experience and contribution to Board affairs. The NC has recommended and the Board has agreed for Mr Wan and Mr Mah to retire and seek for re-election at the forthcoming AGM.

# CORPORATE GOVERNANCE REPORT

The Board recognizes the contribution of its Independent Directors who over time, have developed insight into the Group's businesses and operations and are therefore able to provide invaluable contributions to the Group. As such, the Board has decided not to set a fixed term of office for its Independent Directors. As at the date of this Annual Report, none of the Independent Directors have served on the Board for more than nine years from the date of his first appointment.

The NC ensures that new Directors are aware of their duties and obligations. For re-nomination and re-appointment of Directors, the NC takes into consideration the competing time commitments faced by Directors and their ability to devote appropriate time and attention to the Group.

As at the date of this Report, the Company does not have any alternate Director.

Details of the Board members' Directorship as at the date of this report, including the year of initial appointment and election are disclosed below:

Name of Director	Appointment	Date of Initial Appointment	Date of Last Re-election	Present Directorship/ Chairmanship in other Listed Companies (as At 4 April 2024)	Previous Directorship/ Chairmanship in other Listed Companies (FY2021 to FY2023)
Dr Ho Leng Woon	Executive	2 January 1982	28 April 2022	–	–
Mdm Lau Woon Chan	Executive	7 March 1983	28 April 2022	–	–
Mr Ho Chee Hon	Executive	1 July 2009	27 April 2023	–	–
Mr Chang Kwok Wah	Executive	25 February 2004	27 April 2023	–	–
Mr Mah How Soon (Ma Haoshun)	Independent	04 January 2021	28 April 2021	<u>Listed Company</u> – Clearbridge Health Limited (Independent Director)	–
Mr Wan Kum Tho	Independent	04 January 2021	28 April 2021	<u>Listed Companies</u> – Tat Hong Equipment Service Co., Ltd. (Independent Director) – Nanofilm Technologies International Limited (Independent Director)	<u>Listed Company</u> – D'nonce Technology Bhd (Resigned as Independent Director on 29 September 2021)

Apart from the foregoing, further information on each director are set out on page 10 to 13 of this Annual Report. In addition, information on shareholding held by each Director in the Company and its related corporations is found on page 48 of this Report.

# CORPORATE GOVERNANCE 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 decided unanimously, that the Directors will not be evaluated individually, as each member of the Board contributes in different aspects to the success of the Group, and therefore, it would be more appropriate to assess the Board as a whole. Following its review, the NC is of the view that the Board and its Board Committees operate effectively and each Director has been adequately contributing to the overall effectiveness and objectives of the Board.

The NC has adopted a process for assessing the performance of the Board as a whole. The performance evaluation exercise includes qualitative and quantitative factors including board structure, conduct of meetings, corporate strategy and planning, risk management and internal control, degree of compliance with the code of corporate governance, transparency in terms of disclosures and communication with shareholders.

The Board is of the opinion that the performance criteria should be geared toward evaluating the Board's performance in discharging its principal responsibilities, upholding high standards of corporate governance and strategic oversight of the Company's business rather than the specific performance of its share price and other financial indicators.

The NC will at the relevant time look into adopting guidelines for annual assessment of the contribution of each individual Director to the effectiveness of the Board and also the assessment of board committees. The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the NC will consider such engagement.

For FY2023, the following process was undertaken in relation to the evaluation of the performance of the Board as a whole:

a) Evaluation process

Each of the Directors has completed a Board Performance Evaluation Checklist, giving their individual assessment and evaluation of the Board's ability to meet the relevant criteria stated in the Board Performance Evaluation Checklist.

The results of such assessment and evaluation were collated by the corporate secretarial agent; and reviewed by the NC.

b) Determining directors' independence

Each Independent Director is required to complete a Director's Independence Form annually to confirm his independence. The form is drawn up based on the guideline provided in the Code. The NC has reviewed and is satisfied with the independence of the Independent Directors as mentioned in Principle 2 above.

c) Commitments of directors sitting on multiple boards

The Board has set an internal limit on the maximum number of listed company board representations which any Director may hold. The Board agrees that there should be no more than 4 directorships for a Director with full-time employment and 6 directorships for a Director with no full-time employment, as mentioned in Principle 1 above. For FY2023, no Director had exceeded such limit.

# CORPORATE GOVERNANCE REPORT

## B. REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

**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.**

The Board establishes the RC for the purpose of ensuring that there is a formal and transparent process for developing policy and fixing the remuneration packages of individual Directors. As at the date of this report, the RC comprises the following three members, majority of whom, including the Chairman, are Independent Directors:-

Mr Wan Kum Tho (Chairman) (Independent Director)  
Mr Mah How Soon (Ma Haoshun) (Member) (Independent Director)  
Mr Ho Chee Hon (Member) (Executive Director)

The Board recognizes that the composition of the RC is not in accordance with the Code 2018 guidelines that RC should comprise of totally Independent Directors. However, the Board is of the view that the membership of Mr Ho Chee Hon is necessary to facilitate a more effective discussion on the remuneration packages of the Group's key executives. Apart from Mr Ho Chee Hon, the other two members (including Chairman of RC) are Independent Directors. The presence of a strong independent element ensures that no individual has unfettered powers of decision.

The RC has adopted written terms of reference defining its membership, administration and duties. The duties of the RC are as follows:

- a) to review and recommend to the Board in consultation with senior management a framework of remuneration for the Executive Directors, Chief Executive Officer and key management personnel; and
- b) to recommend to the Board the Executive's and employees' share option schemes or any long term incentive scheme.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services will be borne by the Company.

The RC will also review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

The RC has access to external expert advice with regard to remuneration matters, if required. During the financial year, the RC did not require the service of an external remuneration consultant.

No Director shall participate in decisions relating to any remuneration, compensation or any form of benefits to be granted to him or her.



# CORPORATE GOVERNANCE REPORT

## Level and Mix of 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.**

The Company has approved the remuneration framework for the Executive Directors and Chief Executive Officer on recommendation by the RC. The remuneration of the Executive Directors and Chief Executive Officer is structured to link rewards to corporate and individual performance, consists of a fixed component and a variable component that is performance related. The framework will cover basic salary, bonus and benefit in kind. In developing the framework, the RC has taken into consideration factors such as the Company's performance, economic conditions, market practices and the contribution to the Company.

The RC has adopted a framework to remunerate the Independent Directors based on their appointments, roles in respective committees and level of contribution, taking into account factors such as effort, time spent and responsibilities. The remuneration packages of the Independent Directors comprise a basic Director retainer fee and additional fee for appointment to Board Committees. While the remuneration framework of the Executive Director is not subject to shareholders' approval, the Directors' fees for the Independent Directors is subject to the approval of shareholders at the annual general meeting.

No Director is involved in deciding his own remuneration. Each of the RC members abstains from deliberation and voting in respect of his own remuneration.

The Company currently does not have any long-term scheme for the Executive Directors and key management personnel.

The RC has reviewed the level and structure of remuneration of key management personnel as appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

## Disclosure on 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.**

Details of the remuneration of Directors and key management personnel for the year under review are reported below. During the year, there was no termination, retirement or post-employment benefits granted to any Director or key management personnel.

The Board believes that it is for the benefit of the Company that the actual remuneration of the Directors be kept confidential, due to the sensitive nature of such information and that the disclosure in S\$100,000 bands enables investors to understand the link between performance and remuneration paid to Directors. Nevertheless, the Company is cognizant of Rule 1207(10D) of the Listing Rules to disclose the exact amounts with breakdown of remuneration paid to individual director and the CEO in its annual report for financial year ending 31 December 2024 onwards.

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The Company had entered into separate service agreement with each of the Executive Directors on a fixed term. The agreements are renewable upon expiry with mutual consent of the parties.

Remuneration band (S\$)	Director	Salary including CPF (%)	Bonus Profit Sharing* (%)	Fees (%)	Benefit in Kind (%)
300,000 to below 400,000	Dr Ho Leng Woon	76.5	17.4	–	6.1
	Mr Ho Chee Hon	79.6	17.8	–	2.6
200,000 to below 300,000	Mr Chang Kwok Wah	81.6	12.5	–	5.9
100,000 to below 200,000	Mdm Lau Woon Chan	82.7	17.3	–	–
Below 100,000	Mr Mah How Soon (Ma Haoshun)	–	–	100.0	–
	Mr Wan Kum Tho	–	–	100.0	–

\* Includes NIL incentive accrual for financial year 2023

The top five key management personnel's remuneration for FY2023 is disclosed in the table below:

Remuneration band (S\$)	Number of key management personnel
200,000 to below 300,000	2
100,000 to below 200,000	3

The remuneration received by the Executive Directors and key management personnel takes into consideration, the individual's performance and contribution towards the overall performance of the Group for FY2023. Their remuneration is made up of fixed and variable compensation. The fixed compensation consists of a monthly basic salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the achievement of corporate and individual performance objectives. For FY2023, the agreed corporate performance objectives of the Executive Directors and key management personnel were met.

The Company does not have any long-term incentive scheme for the Directors and key management personnel. Mr Ho Chee Hon, a substantial shareholder of the Company, is the Chief Executive Officer and the son of the Chairman, Dr Ho Leng Woon and the Executive Director, Mdm Lau Woon Chan. Apart from Mr Ho, there was no other employee who is an immediate family member of a Director, the Chief Executive Officer ("CEO") or a substantial shareholder, and whose remuneration was over S\$100,000 for FY2023.

In considering disclosure of remuneration of the top 5 key management personnel, the Company has regarded the industry conditions in which the Company operates as well as the confidential nature of such remuneration. The Company believes that detailed disclosure of the remuneration of each key management personnel on a name basis as recommended by the Code 2018 would be prejudicial to the Company's interests and hamper its ability to retain and nurture the Company's talent pool. The aggregate remuneration paid to the top 5 key management personnel of the Group (who are not Directors of the Company or the CEO) was S\$985,000 for FY2023.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

# CORPORATE GOVERNANCE REPORT

## C. ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

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

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

The Board is assisted by the Risk Management Committee ("RMC") which was formed, as part of the Group's efforts to strengthen its risk management processes and framework. The Group's risk profile which summarizes the material risks faced by the Group, the appropriate risk tolerance limits set for the respective risks and the countermeasures in place to manage or mitigate those risks were documented. On an annual basis, the RMC will review the key risks identified, considered the relevance of these risks, identify new risks which may arise and assess the internal controls in place to mitigate such risks. RMC will report to the Board and the Board members will then evaluate and provide their feedbacks to the RMC.

In addition, through the assistance of internal and external auditors, the AC reviews and reports to the Board on the adequacy of the Company's system of internal controls and risk management, including financial, operational and compliance and information technology controls and to risk management policies and systems established by the Management. In assessing the effectiveness of internal controls, the AC ensures that the key objectives are met, material assets are safeguard and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

For FY2023, the Board has received assurances from the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances. The Board has also received assurance from the CEO and CFO regarding the adequacy and effectiveness of the Company's risk management and internal control system.

In addition, the Board received assurances from managing directors of the Company's subsidiaries, namely, A.I.M. Chemical Pte. Ltd. and GB Chemicals Pte. Ltd., regarding the adequacy and effectiveness of the Company's risk management and internal control system.

Based on the internal control policies and procedures established by the Group, work performed by the external and internal auditors as well as review performed by the RMC, the Board, with the concurrence of the AC, is of the opinion that the internal controls and risk management systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2023.

Financial risks, namely, credit, liquidity, interest rate and foreign currency and equity price are outlined in note 30B to the financial statements in pages 109 to 115 of this Annual Report. Guidelines for managing the financial risks include the following:

- (i) Minimize interest rate, credit and market risks for transactions;
- (ii) Maximize nature hedge to offset sales and costs and payables and receivables denominated in the same currency;

# CORPORATE GOVERNANCE REPORT

- (iii) Risk management transactions follow acceptable market practices; and
- (iv) Financial risk transactions are monitored and conducted by senior management.

Operational risks are identified and managed by Management through identification, advance planning, monitoring and mitigation action: the risks include raw materials supply, labor workforce, manufacturing operations, working capital and doubtful debts.

Compliance risks include legal, government regulations and safety and health standards. The safety measures are audited once a year; and no incident was reported in FY2023.

Information technology risks include availability of enterprise resource system ("ERP") and access to operational and business data. Regular backups of ERP and other data are conducted, including storage for business continuity planning.

The Board remains committed to improve the Group's internal controls and risk management and will not hesitate to take necessary action to ensure the adequacy and effectiveness.

The global economic landscape remains murky and the Board does not expect the overall market for our products and services to expand. With the conflicts in Europe and Middle East, the risk of raw material price volatility and supply disruptions remain. Out of this dynamic and uncertain operating environment, some opportunities may arise. Given the healthy balance sheet of the Group, the Management is in position to proactively explore the viability of these opportunities to enhance the financial performance of the Group.

## Audit Committee

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

As of the date of this Report, the AC comprises the following three members, majority of whom, including the Chairman, are Independent Directors:–

Mr Mah How Soon (Ma Haoshun) (Chairman) (Independent Director)  
Mr Wan Kum Tho (Member) (Independent Director)  
Mr Ho Chee Hon (Member) (Executive Director)

The profile of each member of the AC is set out on pages 11 to 13 of this report. Mr Mah How Soon (Ma Haoshun), Chairman of the AC, has many years of experience in finance and accounting. Other members of the AC possess experience in legal, finance, accounting and business management. The Board is of the view that the members of the AC are appropriately qualified, having accounting or related financial management expertise or experience as the Board interprets such qualification, to discharge their responsibilities. None of the members of the Audit Committee is a former partner or director of the Company's external or internal auditors.

The Board recognizes that the composition of the AC is not in accordance with the Code 2018 guidelines that the AC should comprise of entirely Independent Directors. However, for the same reasons stated under Principle 6 on page 30 of this Annual report, the Board is of the view that independence is not compromised as majority of the members of the AC are independent.

# CORPORATE GOVERNANCE REPORT

As a sub-committee of the Board of Directors, AC assists the Board in discharging their responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our Management creates and maintains an effective control environment in the Group. The AC also reviews and supervises the internal audit functions of the Group.

AC provides a channel of communication between the Board, Management and the external auditors on matters relating to audit.

AC has adopted written terms of reference defining its membership, administration and duties. Duties and responsibilities of the AC include:

- 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 CEO and the CFO 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 external audit and the Company's internal audit function; and
- f) 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. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit, and the independence and objectivity of the external auditors. The AC undertook a review of the independence and objectivity of the external auditors, RSM Chio Lim LLP ("RSM"), through discussions with the external auditors, as well as reviewing the non-audit services provided and the fees paid to them. A breakdown of the fees in total for audit and non-audit services is set out on page 116 of this annual report. Based on the review, the AC is of the opinion that RSM is independent for the purpose of the Group's statutory audit. In reviewing the nomination of RSM SG Assurance LLP for re-appointment for the financial year ending 31 December 2024, the AC has considered the adequacy of resources, experience and competence of RSM, and has taken into account the Accounting and Corporate Regulatory Authority's (ACRA) Audit Quality Indicators Framework relating to RSM at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. On the basis of the above, the AC is satisfied with the standard and quality of work performed by RSM. It has recommended to the Board the nomination of RSM for reappointment as external auditors at the forthcoming AGM of the Company.

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The Company has complied with Rules 712, 715 and 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to the appointment of its external auditors.

The Company has outsourced the Internal Audit ("IA") function and engaged Crowe Horwath First Trust Risk Advisory Pte Ltd ("Crowe Horwath"), a top 10 audit and accounting firm in Singapore for this function. Crowe Horwath has assigned director Chia Shu Siang to lead the IA review. He has 20 years of professional experience in financial assurance and risk consulting services to multinational and listed companies, holds an Accountancy degree from Nanyang Technological University and a Certified Internal Auditor. The primary reporting line of the IA function is to the AC, which also decides on the appointment, termination, and remuneration of the IA function. This function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company. The AC confirms that IA is independent, effective and adequately resourced.

The AC meets with the internal auditors and the external auditors, at least once a year, without the presence of Management, to have free and unfettered access to unfiltered information and feedback.

The AC concurs on the adequacy and effectiveness of the Company's internal controls and risk management systems.

In the event that any director has a personal material interest in any contract or proposed contract or arrangement, he will abstain from reviewing that particular transaction or voting on the particular resolution.

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

In FY2023, the AC has reviewed with the Management and the external auditors, the results of the Group before submitting them to the Board for its approval and announcement of the financial results. The AC also reviewed the Group's financial condition, internal and external audit reports.

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgement of items that might have material impact to the financial statements. The following significant matters that may have material impact to the financial statements were discussed with Management and the External Auditor; and were reviewed by the AC:

Significant Matters	AC Review
Valuation of Investment in Chongqing Zongshen Financial Leasing Joint Venture	AC considered the approach and methodology applied in determining the fair value of the investment in the joint venture; and Management assessment and reasonableness of assumption and valuation determined by the external valuer. This item has been included as a Key Audit Matter in the independent auditor's report for FY2023.

# CORPORATE GOVERNANCE REPORT

Significant Matters	AC Review
Assessment of the impairment loss on non-financial assets	AC considered the Group's market capitalization of \$16.9 million versus the net asset value of \$56.7 million which indicate that the non-financial assets comprising mostly of property, plant and equipment and right-of-use assets may be impaired. Specific Cash Generating Units ("CGUs"), defined by the operating segments that generate cash inflows, were identified. An assessment of impairment loss of each CGU was performed using the value in use method; and it involves judgement in the CGU identification and uncertainty in estimation of the key assumptions underlying the recoverable amounts. This item has been included as a Key Audit Matter in the independent auditor's report for FY2023.

The AC is kept abreast by Management, the external and internal auditors on changes and updates to accounting standards, and other issues which could have a direct impact on the financial statements of the Group, if any.

The Company has also put in place a whistle-blowing policy and has implemented procedures and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters to the AC. All complaints or concerns raised will be dealt with, including anonymous complaints. The action taken will depend on the nature of the complaint. Initial enquiries will be made to determine whether an investigation is appropriate, and the form that it should take. If necessary, the AC will direct an independent investigation to be conducted on the complaint received. Details of the whistle blowing policy, together with the dedicated whistle blowing communication channels (such as emails address) have been made available to all employees. It has a well-defined process which ensures independent investigation of issues or concerns raised and appropriate follow-up action, and provides assurance that identity of the whistleblower is kept confidential and the whistleblower will be protected from reprisal within the limits of the law or victimization for whistle-blowing in good faith. Members of the public can also refer to the Company's website for the whistle-blowing arrangements.

The AC is responsible for oversight and monitoring of whistleblowing and will report to the Board on such matters at the Board meetings.

During FY2023, there were no complaints, concerns or issues received.

# CORPORATE GOVERNANCE REPORT

## D. SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General 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.**

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing meetings of shareholders.

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as form one significant proposal. Where the resolutions are bundled, the Company explains the reasons and material implications in the notice of meeting.

All Directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation of the auditors' report. Directors' attendance at such meetings held is disclosed in Principle 1 of this report.

All resolutions at general meetings of the Company will be put to vote by poll so as to better reflect shareholders' shareholding interest and ensure greater transparency. The results of the poll voting on each resolution tabled will be announced after the general meetings via SGXNET and the Company's website.

The Board is of the view that absentia voting at the general meeting, can only be carried out, after careful study, to ensure the integrity of the information received by the Company and to authenticate the identity of shareholders in attendance on the web. Voting in absentia such as voting via mail, electronic mail or facsimile at the general meetings may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised.

The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses by the Board and Management.

The Company does not have a fixed dividend policy. The frequency and quantum of dividend declared each year will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Board of Directors has proposed a final tax exempt (one-tier) dividend of 0.50 cent per ordinary share for FY2023.

The Company's corporate governance practices promote fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive and timely basis via SGXNET and the Company's website, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in the Company.



# CORPORATE GOVERNANCE REPORT

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements, press releases via SGXNET, the Company's website as well as through reports and circulars sent to all shareholders. They are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend general meetings. Under the Companies Act 1967, a member who is defined as a "relevant intermediary" may appoint more than two proxies to attend and participate in general meetings. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise questions pertaining to the resolutions tabled for approval and/or questions regarding the Company and its operations. The minutes of AGM which capture the attendance of Board members at the meeting, matters approved by shareholders and voting results will be prepared by the Company. The minutes of the AGM for FY2023 will be released to the SGX-ST within one (1) month from the date of AGM and shall be made available on the Company's website.

## Engagement with Shareholders

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

The Company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders at the Company's general meetings.

The Company's investor relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

The Company endeavors to communicate regularly, effectively and fairly with its shareholders. Timely, as well as, detailed disclosure is made to the public in compliance with SGX-ST guidelines. The Company does not practice selective disclosure. All price sensitive information is announced on the SGXNET on a timely basis.

Shareholders are kept informed of developments and performance of the Group through announcements published via SGXNET and the press when necessary as well as in the annual report. Other announcements are also made on an ad-hoc basis where applicable as soon as possible to ensure timely dissemination of the information to shareholders.

Shareholders are encouraged to attend and raise questions to the directors at the Company's general meetings. At these meetings, shareholders are given the opportunity to express their views and raise issues either formally or informally. These meetings provide opportunities for the Board to engage with shareholders and solicit their feedback. The Company's website at [www.apoil.com.sg](http://www.apoil.com.sg) is another channel to understand the views of the shareholders.

# CORPORATE GOVERNANCE REPORT

## E. 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 has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

The Company maintains a current corporate website to communicate and engage with stakeholders.

## F. DEALINGS IN SECURITIES

The Company has devised and adopted its own internal code of compliance on dealing in the securities of the Company (the "Code"). This code will provide guidance to the Group's directors and employees on their dealings in the Company's securities. The key guidelines are:

- Directors and key officers are prohibited from trading in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year financial statements, and the prohibition ends on the day of the results announcement. In future, if the Company announces quarterly financial statements, the prohibition period will commence two weeks before the announcement of the Company's financial statement for each of the first three quarters; and one month before the announcement of the Company's full year financial statement and prohibition period shall end on the day of the results announcement.
- Directors and key officers should not deal in the Company's securities on short-term consideration.
- Directors and key officers are required to observe the insider trading laws under the Securities Industries Act at all times even when engaging in dealings of securities within the non-prohibitory periods. To monitor such share transactions, Directors and key officers are to report to the Company when they deal in the Company's securities.

The Company has complied with the Code for FY2023.

## G. INTERESTED PERSON TRANSACTIONS

The Company has adopted internal guidelines in respect of any transactions with interested persons and set out the procedures for review and approval of the Company's interested person transactions. The main objective is to ensure that all interested person transactions are conducted on arm's length basis and on normal commercial terms.

The AC has reviewed all interested person transactions for FY2023, and satisfied there was no interested person transaction entered into by the Group in excess of S\$100,000 during the financial year.

# CORPORATE GOVERNANCE REPORT

## H. MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual, the Company confirms there was no material contract entered into between the Company and its subsidiaries which involved the interests of any director or controlling shareholder, either subsisting at the end of the financial year or if not then subsisting, which was entered into since the end of the previous financial year.

## I. ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information as set out in Appendix 7.4.1 to the SGX-ST Listing Manual relating to Mr Wan Kum Tho and Mr Mah How Soon (Ma Haoshun), being the Directors who are retiring in according with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Director	Mr Wan Kum Tho	Mr Mah How Soon (Ma Haoshun)
Date of Appointment	04 January 2021	04 January 2021
Date of last re-appointment (if applicable)	28 April 2021	28 April 2021
Age	57	50
Country of principal Residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The NC has recommended and the Board has agreed for Mr Wan Kum Tho ("Mr Wan") to retire and seek re-election at the forthcoming AGM.	The NC has recommended and the Board has agreed for Mr Mah How Soon (Ma Haoshun) ("Mr Mah") to retire and seek re-election at the forthcoming AGM.
Whether appointment is executive, and if so, the area of responsibility	Independent and Non-Executive	Independent and Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director AC Member NC Chairman RC Chairman	Independent Director AC Chairman NC Member RC Member
Professional Qualifications	Bachelor of Business Administration (Second Class Honours, Upper Division), National University of Singapore  Executive Program, University of California, Berkeley 2002	Bachelor of Accountancy (Honours), Nanyang Business School  MBA, The University of Chicago Booth School of Business  Chartered Accountant, Member of the Institute of Singapore Chartered Accountants  Chartered Financial Analyst Charterholder, Member of the CFA Institute

# CORPORATE GOVERNANCE REPORT

Name of Director	Mr Wan Kum Tho	Mr Mah How Soon (Ma Haoshun)
Working experience and occupation(s) during the past 10 years	<p>May 2021 to present: Independent Director, Board member – Nanofilm Technologies International Limited</p> <p>Jan 2021 to present: Independent Director – Tat Hong Equipment Service Co., Ltd.</p> <p>July 2020 to present: Managing Director, Investments, APAC – Singtel Innov8 Private Ltd</p> <p>July 2020 to present: Adjunct Associate Professor, National University of Singapore Business School</p> <p>April 2014 to Dec 2019: Heliconia Capital Management – Director (Investment), Deputy Head of Investments</p>	<p>2018 to present: Independent Director, Board member – Clearbridge Health Limited</p> <p>2016 to Present: Managing Director, Board member – RHT Capital Pte. Ltd.</p> <p>2013 to 2016: Senior Director, Corporate Finance – PrimePartners Corporate Finance Pte. Ltd.</p>
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships	<p><u>Directorships</u></p> <p>D’nonce Technology Bhd</p>	<p><u>Directorships</u></p> <p>Katrina Group Limited 800 Super Holdings Limited</p>
<ul style="list-style-type: none"> <li>Past (for the last 5 years)</li> </ul>		

# CORPORATE GOVERNANCE REPORT

Name of Director	Mr Wan Kum Tho	Mr Mah How Soon (Ma Haoshun)
<ul style="list-style-type: none"> <li>Present</li> </ul>	<u>Directorships</u> Tat Hong Equipment Service Co., Ltd. Nanofilm Technologies International Limited Singtel Innov8 Private Ltd	<u>Directorships</u> Clearbridge Health Limited RHT Capital Pte. Ltd.
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	Nil	Nil
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Nil	Nil
(c) Whether there is any unsatisfied judgment against him?	Nil	Nil

# CORPORATE GOVERNANCE REPORT

Name of Director	Mr Wan Kum Tho	Mr Mah How Soon (Ma Haoshun)
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	Nil	Nil
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	Nil	Nil
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	Nil	Nil

# CORPORATE GOVERNANCE REPORT

Name of Director	Mr Wan Kum Tho	Mr Mah How Soon (Ma Haoshun)
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	Nil	Nil
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	Nil	Nil
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	Nil	Nil
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–  i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	Nil	Nil

# CORPORATE GOVERNANCE REPORT

Name of Director	Mr Wan Kum Tho	Mr Mah How Soon (Ma Haoshun)
<p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Nil	Nil
<p><b>Any prior experience as a director of a listed Company?</b></p> <p><i>If <b>yes</b>, please provide details of prior experience.</i></p> <p><i>If <b>no</b>, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</i></p>	<p>Yes.</p> <p>Mr Wan is currently an independent director of the following listed Companies:-</p> <ul style="list-style-type: none"> <li>- AP Oil International Limited, listed on SGX-ST</li> <li>- Tat Hong Equipment Service Co., Ltd., listed on HKEX</li> <li>- Nanofilm Technologies International Limited, listed on SGX-ST</li> </ul>	<p>Yes.</p> <p>Mr Mah is currently an independent director of the following listed Companies on the SGX-ST:-</p> <ul style="list-style-type: none"> <li>- AP Oil International Limited</li> <li>- Clearbridge Health Limited</li> </ul>



# STATEMENT BY DIRECTORS

The directors are pleased to present the accompanying consolidated financial statements of AP Oil International Limited (the "Company") and its subsidiaries (the "Group"), and the statement of financial position and statement of changes in equity of the Company for the reporting year ended 31 December 2023.

## 1. Opinion of the directors

In the opinion of the directors:

- (a) The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (b) At the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

## 2. Directors

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

### Executive directors

Dr Ho Leng Woon  
Mdm Lau Woon Chan  
Mr Ho Chee Hon  
Mr Chang Kwok Wah

### Independent and non-executive directors

Mr Mah How Soon @ Ma Haoshun  
Mr Wan Kum Tho

# STATEMENT BY DIRECTORS

## 3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year had no interests in the share capital of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act 1967 (the "Act") except as follows:

<u>Name of Director</u>	<b>Direct interests</b>	
	<b>At beginning of reporting year</b>	<b>At end of reporting year</b>
<u>The Company</u>	<u>Number of shares of no par value</u>	
Dr Ho Leng Woon	61,406,250	61,406,250
Mdm Lau Woon Chan	17,531,250	17,531,250
Mr Ho Chee Hon	11,468,937	11,468,937
Mr Chang Kwok Wah	41,250	41,250

By virtue of section 7 of the Act, Dr Ho Leng Woon and Mdm Lau Woon Chan are deemed to have an interest in each other's direct interest in the Company and in all the related corporations of the Company.

The directors' interests as at 21 January 2024 were the same as those at the end of the reporting year.

## 4. Arrangements to enable directors to acquire benefits by means of acquisition of shares and debentures

Neither at the end of nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## 5. Options

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

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

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

# STATEMENT BY DIRECTORS

## 6. Audit committee

The members of the audit committee at the date of this report are as follows:

- Mr Mah How Soon @ Ma Haoshun (Chairman of audit committee and independent director)
- Mr Wan Kum Tho (Independent director)
- Mr Ho Chee Hon (Executive director)

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

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

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

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

# STATEMENT BY DIRECTORS

## 7. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment. This audit firm was known as RSM Chio Lim LLP before 1 March 2024.

On behalf of the directors



Dr Ho Leng Woon  
Director



Mr Ho Chee Hon  
Director

4 April 2024

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AP OIL INTERNATIONAL LIMITED

## Report on the audit of the financial statements

### *Opinion*

We have audited the accompanying financial statements of AP Oil International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AP OIL INTERNATIONAL LIMITED

## **Key audit matters** (Continued)

### **(a) Valuation of investment in equity interests of an unquoted entity**

Please refer to Note 2A on the relevant accounting policy, Note 2B on critical judgements, assumptions and estimation uncertainties, Note 18B on investment in equity interests of unquoted entity at fair value through profit or loss, and the annual report on the section on the audit committee's views and responses to the reported key audit matters.

The Group and Company hold a 12.5% equity interests in Chongqing Zongshen Financial Leasing Company Limited ("Chongqing Zongshen Financial Leasing") and as part of the investment arrangement, the Company was also granted an option by the major shareholder of Chongqing Zongshen Financial Leasing whereby the Company has the right to sell to the major shareholder its equity interests in Chongqing Zongshen Financial Leasing (the "Option"). The exercise price of the Option shall be based on the higher of the Company's original capital contribution of RMB25,000,000 and the agreed market value at the time of the exercise of the Option.

The Group and Company accounted for the Investment in Chongqing Zongshen Financing Leasing and the Option together as a hybrid instrument measured at fair value through profit or loss. To this end, management has engaged an external valuer to perform an independent valuation of this financial asset as at 31 December 2023.

The fair value was determined based on the adjusted net assets approach. As Chongqing Zongshen Financial Leasing is an unquoted entity, the valuation involved significant management judgement. Accordingly, it is considered as a key audit matter.

As part of our audit procedures, we evaluated the independence, objectivity and competency of the external valuer and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity. Together with our internal valuation specialists, we assessed the appropriateness of the valuation methodologies adopted and the reasonableness of assumptions applied. We also assessed the adjustments to the net assets, if any, and undertook further procedures by cross-checking the fair value against other valuation approaches to determine whether it is within acceptable range and, where necessary, held further discussions with management and the external valuer.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AP OIL INTERNATIONAL LIMITED

## **Key audit matters** (Continued)

### **(b) Assessment of the impairment loss on non-financial assets**

Refer to Note 2A on the relevant accounting policy and Note 2B on critical judgements, assumptions and estimation uncertainties on non-financial assets.

As at 31 December 2023, the Group's market capitalisation of \$16.9 million is below the net asset value of \$56.7 million, which indicates that the non-financial assets of the Group comprising mostly of property, plant and equipment (Note 13) and right-of-use assets (Note 14) may be impaired. Management has determined three Cash Generating Units ("CGUs"), namely AP Oil Pte Ltd, A.I.M. Chemical Industries Pte Ltd and GB Chemicals Pte Ltd, which represent major CGUs of the Group for assessing the impairment loss. The CGUs are defined by the operating segments and their geographic locations that generate independent cash inflows.

The Group performed an assessment of impairment loss on the major CGUs using discounted future cash flows determined based on key assumptions on forecasted cash flows, revenue growth rates and discount rate of each CGU.

The assessment of impairment loss on non-financial assets involves judgement in the identification of CGUs and estimation uncertainties in determining key assumptions underlying the recoverable amounts.

We have involved our in-house valuation specialist and considered the appropriateness of management's determination of the CGUs based on our understanding of the operations and structure of the Group and corroboration with management. For CGUs where the discounted cash flows method is used, we evaluated the key assumptions used in the discounted future cash flows (including revenue growth rates and discount rates) by comparing them against historical information, together with publicly available information where available.

We checked the mathematical accuracy of the calculations for the value in use method. We assessed the adequacy of the related disclosures in the financial statements in describing the inherent degree of estimation uncertainty and key assumptions used. We have also assessed the adequacy of the disclosures made in the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AP OIL INTERNATIONAL LIMITED

## ***Other information***

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

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

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

## ***Responsibilities of management and directors for the financial statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AP OIL INTERNATIONAL LIMITED

## ***Auditor's responsibilities for the audit of the financial statements*** (Continued)

- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AP OIL INTERNATIONAL LIMITED

## 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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Eu Chee Wei David.



**RSM SG Assurance LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

4 April 2024

Engagement partner – effective from year ended 31 December 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2023

	Note	Group	
		2023 \$'000	2022 \$'000
Revenue	5	46,217	61,111
Cost of sales		(38,504)	(52,352)
<b>Gross profit</b>		<b>7,713</b>	8,759
Interest income		719	239
Other gains	6	387	454
Distribution costs	7	(1,971)	(1,738)
Administrative expenses	7	(6,239)	(6,141)
Finance costs	8	(142)	(171)
Other losses	6	(44)	(351)
Share of results of equity-accounted joint ventures		239	187
<b>Profit before tax</b>		<b>662</b>	1,238
Income tax expense	10	(139)	(140)
<b>Profit for the year</b>		<b>523</b>	1,098
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation from functional currency to presentation currency	25	(670)	(678)
Share of other comprehensive loss from equity-accounted joint ventures, net of tax	25	(109)	(139)
<b>Other comprehensive loss for the year</b>		<b>(779)</b>	(817)
<b>Total comprehensive (loss)/income for the year</b>		<b>(256)</b>	281
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted	11	0.32	0.67

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	14,581	11,685	370	442
Right-of-use assets	14	4,807	4,806	1,139	1,185
Goodwill	15	409	409	–	–
Investments in subsidiaries	16	–	–	17,404	17,256
Investments in joint ventures	17	2,439	2,432	502	510
Deferred tax assets	10	52	50	–	–
Other financial assets	18	6,854	6,912	6,527	6,580
Other receivables	19	229	–	600	–
<b>Total non-current assets</b>		<b>29,371</b>	<b>26,294</b>	<b>26,542</b>	<b>25,973</b>
<b>Current assets</b>					
Inventories	20	7,733	9,117	–	–
Trade and other receivables	21	5,747	5,714	13,948	12,975
Other assets	22	1,348	2,749	10	13
Cash and cash equivalents	23	25,047	24,698	3,850	6,454
<b>Total current assets</b>		<b>39,875</b>	<b>42,278</b>	<b>17,808</b>	<b>19,442</b>
<b>Total assets</b>		<b>69,246</b>	<b>68,572</b>	<b>44,350</b>	<b>45,415</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	24	6,606	6,606	6,606	6,606
Retained earnings		47,576	47,876	36,367	36,718
Other reserves	25	2,503	3,282	(2,134)	(1,493)
<b>Total equity</b>		<b>56,685</b>	<b>57,764</b>	<b>40,839</b>	<b>41,831</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	637	640	–	–
Lease liabilities	26	4,817	4,776	1,196	1,218
Other non-financial liabilities	27	449	–	–	–
<b>Total non-current liabilities</b>		<b>5,903</b>	<b>5,416</b>	<b>1,196</b>	<b>1,218</b>
<b>Current liabilities</b>					
Income tax payable		121	171	–	–
Lease liabilities	26	301	283	58	54
Trade and other payables	28	6,180	4,938	2,257	2,312
Other non-financial liabilities	27	56	–	–	–
<b>Total current liabilities</b>		<b>6,658</b>	<b>5,392</b>	<b>2,315</b>	<b>2,366</b>
<b>Total liabilities</b>		<b>12,561</b>	<b>10,808</b>	<b>3,511</b>	<b>3,584</b>
<b>Total equity and liabilities</b>		<b>69,246</b>	<b>68,572</b>	<b>44,350</b>	<b>45,415</b>

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

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

<u>Group</u>	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Total equity \$'000
<b>Current year</b>				
At 1 January 2023	6,606	47,876	3,282	57,764
<b>Changes in equity</b>				
Total comprehensive income/(loss) for the year	-	523	(779)	(256)
Dividends paid (Note 12)	-	(823)	-	(823)
<b>At 31 December 2023</b>	<b>6,606</b>	<b>47,576</b>	<b>2,503</b>	<b>56,685</b>
<b>Previous year</b>				
At 1 January 2022	6,606	48,423	4,099	59,128
<b>Changes in equity</b>				
Total comprehensive income/(loss) for the year	-	1,098	(817)	281
Dividends paid (Note 12)	-	(1,645)	-	(1,645)
<b>At 31 December 2022</b>	<b>6,606</b>	<b>47,876</b>	<b>3,282</b>	<b>57,764</b>
<u>Company</u>	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Total equity \$'000
<b>Current year</b>				
At 1 January 2023	6,606	36,718	(1,493)	41,831
<b>Changes in equity</b>				
Total comprehensive income/(loss) for the year	-	472	(641)	(169)
Dividends paid (Note 12)	-	(823)	-	(823)
<b>At 31 December 2023</b>	<b>6,606</b>	<b>36,367</b>	<b>(2,134)</b>	<b>40,839</b>
<b>Previous year</b>				
At 1 January 2022	6,606	35,812	(1,025)	41,393
<b>Changes in equity</b>				
Total comprehensive income/(loss) for the year	-	2,551	(468)	2,083
Dividends paid (Note 12)	-	(1,645)	-	(1,645)
<b>At 31 December 2022</b>	<b>6,606</b>	<b>36,718</b>	<b>(1,493)</b>	<b>41,831</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	Group	
	2023 \$'000	2022 \$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	662	1,238
Adjustments for:		
Interest income	(719)	(239)
Interest expense	142	171
Interest income from insurance policy	(57)	(39)
Income from 2019 agreement (Note 6)	(120)	–
Insurance premium charged to profit or loss	9	8
Dividend income	–	(59)
Depreciation of property, plant and equipment	1,625	1,363
Depreciation of right-of-use assets	337	450
Government grant income related to asset purchase	(57)	–
Share of results of equity-accounted joint ventures, net of tax	(239)	(187)
Plant and equipment written-off	1	1
Gain on disposal of plant and equipment	(10)	(16)
Fair value loss on other financial assets	–	344
Operating cash flows before changes in working capital	1,574	3,035
Inventories	1,244	(642)
Trade and other receivables	(121)	265
Other assets	(977)	(16)
Trade and other payables	1,317	(277)
Net cash flows from operations	3,037	2,365
Net income taxes paid	(193)	(204)
Net cash flows from operating activities	2,844	2,161
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(2,474)	(446)
Deposit paid for purchase of property, plant and equipment	–	(1,846)
Proceeds from disposal of plant and equipment	11	23
Receipt of government grant related to asset purchase	560	–
Investment in other financial assets	–	(688)
Subscription of convertible promissory note	(235)	–
Receipt of income/refund of prepayment for purchase of land from 2019 agreement (Note 6)	120	139
Interest received	719	239
Dividends received	124	164
Net cash flows used in investing activities	(1,175)	(2,415)

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	Group	
	2023	2022
	\$'000	\$'000
<b><u>Cash flows from financing activities</u></b>		
Dividends paid	(823)	(1,645)
Repayment of bank borrowings	-	(5,324)
Repayment of lease liabilities	(297)	(424)
Interest paid	(142)	(171)
Net cash flows used in financing activities	<u>(1,262)</u>	<u>(7,564)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>407</b>	<b>(7,818)</b>
Cash and cash equivalents at beginning of the year	<b>24,698</b>	32,775
Net effect of exchange rate changes on cash and cash equivalents	<b>(58)</b>	(259)
<b>Cash and cash equivalents at end of the year (Note 23)</b>	<b><u>25,047</u></b>	<b><u>24,698</u></b>

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 1. GENERAL

AP Oil International Limited is incorporated in Singapore with limited liability and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company is situated in Singapore. The registered office is at 18 Pioneer Sector 1, Singapore 628428.

The financial statements as at and for the reporting year ended 31 December 2023 comprise the Company and its subsidiaries (the "Group") and the Group's interests in equity-accounted investees.

The financial statements are presented in Singapore dollars and the amounts are rounded to the nearest thousand, unless otherwise stated.

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

The Company is an investment holding company and provision of management service to subsidiaries.

The principal activities of the subsidiaries and joint ventures are set out in Notes 16 and 17 respectively.

### Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 28 February 2024, which would materially affect the Group's and the Company's operating and financial performance as of the date of these financial statements.

### Macroeconomic conditions related disclosures:

The macroeconomic outlook remains challenging with geopolitical instability, which has caused supply chain disruption and volatility in raw material price under current high interest and inflation environment. Management reviewed the possible impact and no material uncertainties were identified in connection with the Group's ability to continue in operational existence for the near future.

### Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS (I)s") and the related Interpretations to SFRS (I) ("SFRS (I) INT") as issued by the Accounting Standards Committee under ACRA ("ASC"). They comply with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board ("IASB").



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 1. GENERAL (CONTINUED)

### Basis of preparation of financial statements

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Disclosures are made on the accounting policy information relating to material transactions, other events or conditions if that information is material to the financial statements or is required by a financial reporting standard. It is regarded as material if users of the financial statements would need it to understand other material information in the financial statements. An account balance entity-specific accounting policy and other information is disclosed in Note 2A and the relevant respective account balances notes in the financial statements.

### Basis of presentation

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 2. DISCLOSURES OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION

Disclosures are made on the accounting policy and other explanatory information relating to material transactions, other events or conditions if that information is material to the financial statements or is required by a financial reporting standard. Entity-specific information that relates to more than one account balance or a class of material transactions is described in Note 2A below.

### 2A. Material accounting policy and other explanatory information

#### Revenue recognition

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

#### Sale of goods

Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer generally on delivery of the goods (in this respect, incoterms are considered).

#### Rendering of services

Revenue from service orders and term projects is recognised when the Group satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

#### Rental revenue

Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 2. DISCLOSURES OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Material accounting policy and other explanatory information (Continued)

#### Other income

##### Dividend income

Dividend from equity instruments is recognised in profit or loss only when the Group's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

##### Interest income

Interest income is recognised using the effective interest method.

#### Government grants

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

#### Employee benefits

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 2. DISCLOSURES OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Material accounting policy and other explanatory information (Continued)

#### Foreign currency transactions

The functional currency of the Company is the United States dollar ("US\$") as it reflects the primary economic environment in which the entity operates.

Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as qualifying cash flow hedges.

The presentation currency is the Singapore dollar ("S\$") as the financial statements are meant primarily for users in Singapore. Accordingly, assets and liabilities are translated at year end rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity. The translation of US\$ amounts into S\$ amounts are included solely for the convenience of readers. The reporting year end rates used are US\$1 to S\$1.31 (2022: US\$1 to S\$1.33) which approximates the rate of exchange at the end of the reporting year. The average rate of exchange for the reporting year is US\$1 to S\$1.33 (2022: US\$1 to S\$1.37). Such translation should not be construed as a representation that the Singapore dollar amounts could be converted into US dollars at the above rate or other rate.

#### Translation of financial statements of other entities

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 2. DISCLOSURES OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Material accounting policy and other explanatory information (Continued)

#### Income tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statement of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

#### Property, plant and equipment

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

Leasehold properties and improvements	–	Over terms of lease, ranging from 3.13% to 5.74% per annum
Plant and equipment	–	10% to 33 $\frac{1}{3}$ % per annum

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 2. DISCLOSURES OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Material accounting policy and other explanatory information (Continued)

#### Right-of-use assets

The Group recognises right-of-use assets at 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 depreciation 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 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.

The annual rates of depreciation are as follows:

Leased land	–	Over terms of lease, ranging from 4.00% to 8.33% per annum
Leased property	–	Over term of lease at 33⅓% per annum

#### Lease of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum unavoidable lease payments. A corresponding right-of-use asset is recorded. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, for such leases, a right-of-use asset is recognised.

#### Lease of lessor

For a lessor each of lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 2. DISCLOSURES OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Material accounting policy and other explanatory information (Continued)

#### Subsidiaries

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

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

#### Joint arrangements – joint venture

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the Group is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement.

In the consolidated financial statements, the accounting for investments in a joint venture is based on the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of a joint venture in excess of the Group's interest in the relevant joint venture are not recognised except to the extent that the Group has an obligation to fund the joint venture's operations or made payments on behalf of the joint venture. Unrealised gains resulting from transactions between the Group and a joint venture are eliminated in the financial statements only to the extent of the Group's interests in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint venture are changed where necessary to ensure consistency with the policies adopted by the Group. The Group discontinues the use of the equity method from the date that when its investment ceases to be a joint venture and accounts for the investment in accordance with SFRS(I) 9 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former joint venture is measured at fair value at the date that it ceases to be a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 2. DISCLOSURES OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Material accounting policy and other explanatory information (Continued)

#### Joint arrangements – joint venture (Continued)

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

#### Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill recognised as of the acquisition date is measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with SFRS(I) 3 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with SFRS(I) 3.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or group of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

#### Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 2. DISCLOSURES OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Material accounting policy and other explanatory information (Continued)

#### Carrying amounts of non-financial assets

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

#### Financial instruments

##### Recognition and derecognition of financial instruments

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

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 2. DISCLOSURES OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Material accounting policy and other explanatory information (Continued)

#### Financial instruments (Continued)

##### Categories of financial assets and financial liabilities

The financial reporting standard on financial instruments requires the categorisation of financial instruments. At the end of the reporting year, the reporting entity had the following categories of financial assets and liabilities:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL, if doing so, eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Financial liabilities are categorised as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

#### Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### Fair value measurement

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 2. DISCLOSURES OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Material accounting policy and other explanatory information (Continued)

#### Fair value measurement (Continued)

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

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

#### Segment reporting

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

#### Provisions

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 2. DISCLOSURES OF MATERIAL ACCOUNTING POLICY AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2B. Critical judgements, assumptions and estimation uncertainties

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

#### Assessment of the impairment loss on non-financial assets

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units is measured based on the value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The non-financial assets of the Group comprising primarily of property, plant and equipment (Note 13) and right-of-use assets (Note 14).

#### Investment in equity interests of unquoted entity

The fair value of this financial instrument is not based on quoted price in an active market. Therefore, there is significant measurement uncertainty involved in the measurement of fair value. Management has engaged an external valuer to perform an independent valuation of this investment as at 31 December 2023. The fair value was determined based on the adjusted net assets approach. The fair value is disclosed in Note 18B.

#### Assessment of impairment of trade receivables

The trade receivables impairment assessment is subject to the expected credit loss ("ECL") model. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amount is disclosed in the Note 21.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

The ultimate controlling parties are Dr Ho Leng Woon and Mdm Lau Woon Chan, directors and significant shareholders of the Company.

### 3A. Related party transactions

There are transactions and arrangements between the Group and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest-free unless stated otherwise. For any non-current balances and financial guarantees, no interest or charge is imposed unless stated otherwise.

#### Significant related party transactions

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

	Group	
	2023	2022
	\$'000	\$'000
<u>Joint venture</u>		
Sale of goods	1,307	4,390
Licensing fee income	11	36

### 3B. Key management compensation

	Group	
	2023	2022
	\$'000	\$'000
Salaries and other short-term employee benefits <sup>(#)</sup>	1,503	1,499
Contributions to defined contribution plan	65	69
	<b>1,568</b>	<b>1,568</b>

(#) Salaries and other short-term employee benefits include accrual adjustments made during the year.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### 3B. Key management compensation (Continued)

The amounts set out above are included under employee benefits expense. Included in the amounts are the following items:

	Group	
	2023 \$'000	2022 \$'000
Remuneration of directors of the Company	1,127	1,115
Remuneration of directors of subsidiaries	441	453
Fees to directors of the Company	90	90

Further information about the remuneration of individual directors is provided in the report on corporate governance. Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for all the directors of the Company and of the subsidiaries.

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

### 4A. Information on reportable segments

Disclosure of information about operating segments, products and services, these geographical areas, and the major customers are made as required by SFRS(I) 8 *Operating Segments*. This disclosure standard has no impact on the reported financial performance or financial position of the Group.

For management purposes, the Group is organised into two operating segments as follows:

- (a) Manufacturing segment, which includes the manufacturing of a range of lubricating oil and specialty chemicals for industrial, automotive and marine applications, as well as the provision of oil blending services and rental of cleaning equipment to its customers; and
- (b) Trading segment, which includes trading in base oil, lubricant components, commodity chemicals etc.

Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as internal reporting system. It represents the basis on which management reports the primary segment information. They are managed separately because each business requires a different strategy.

Inter-segment sales are measured on the basis that the Group actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

### 4B. Profit or loss for the year and reconciliations

	Manufacturing \$'000	Trading \$'000	Unallocated \$'000	Total \$'000
<b>2023</b>				
Revenue by segment	31,677	15,704	-	47,381
Inter-segment sales	(731)	(433)	-	(1,164)
Total revenue	<u>30,946</u>	<u>15,271</u>	<u>-</u>	<u>46,217</u>
Gross profit	<u>6,272</u>	<u>1,441</u>	<u>-</u>	<u>7,713</u>
Interest income			719	719
Other gains			387	387
Finance costs			(142)	(142)
Other losses			(44)	(44)
Unallocated expenses			(8,210)	(8,210)
Share of results of joint ventures			239	239
Profit before tax				<u>662</u>
Income tax expense			(139)	<u>(139)</u>
Profit for the year				<u>523</u>
<b>2022</b>				
Revenue by segment	40,445	22,655	-	63,100
Inter-segment sales	(786)	(1,203)	-	(1,989)
Total revenue	<u>39,659</u>	<u>21,452</u>	<u>-</u>	<u>61,111</u>
Gross profit	<u>6,742</u>	<u>2,017</u>	<u>-</u>	<u>8,759</u>
Interest income			239	239
Other gains			454	454
Finance costs			(171)	(171)
Other losses			(351)	(351)
Unallocated expenses			(7,879)	(7,879)
Share of results of joint ventures			187	187
Profit before tax				<u>1,238</u>
Income tax expense			(140)	<u>(140)</u>
Profit for the year				<u>1,098</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

### 4C. Assets and reconciliations

	Manufacturing \$'000	Trading \$'000	Unallocated \$'000	Total \$'000
<b>2023</b>				
Total assets for reportable segments	22,347	5,031	–	27,378
Unallocated:				
Deferred tax assets	–	–	52	52
Cash and cash equivalents	–	–	25,047	25,047
Investments in joint ventures	–	–	2,439	2,439
Right-of-use assets	–	–	4,807	4,807
Other unallocated amounts	–	–	9,523	9,523
Total assets	<u>22,347</u>	<u>5,031</u>	<u>41,868</u>	<u>69,246</u>
<b>2022</b>				
Total assets for reportable segments	23,080	4,355	–	27,435
Unallocated:				
Deferred tax assets	–	–	50	50
Cash and cash equivalents	–	–	24,698	24,698
Investments in joint ventures	–	–	2,432	2,432
Right-of-use assets	–	–	4,806	4,806
Other unallocated amounts	–	–	9,151	9,151
Total assets	<u>23,080</u>	<u>4,355</u>	<u>41,137</u>	<u>68,572</u>

### 4D. Liabilities and reconciliations

	Manufacturing \$'000	Trading \$'000	Unallocated \$'000	Total \$'000
<b>2023</b>				
Total liabilities for reportable segments	3,076	2,047	–	5,123
Unallocated:				
– Deferred and current tax liabilities	–	–	758	758
– Lease liabilities	–	–	5,118	5,118
– Other unallocated amounts	–	–	1,562	1,562
Total liabilities	<u>3,076</u>	<u>2,047</u>	<u>7,438</u>	<u>12,561</u>
<b>2022</b>				
Total liabilities for reportable segments	2,494	1,442	–	3,936
Unallocated:				
– Deferred and current tax liabilities	–	–	811	811
– Lease liabilities	–	–	5,059	5,059
– Other unallocated amounts	–	–	1,002	1,002
Total liabilities	<u>2,494</u>	<u>1,442</u>	<u>6,872</u>	<u>10,808</u>



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

### 4E. Other material items and reconciliations

	Manufacturing \$'000	Trading \$'000	Unallocated \$'000	Total \$'000
<u>Depreciation</u>				
2023	775	65	1,122	1,962
2022	573	71	1,169	1,813
<u>Capital expenditure</u>				
2023	2,738	–	2,428	5,166
2022	434	–	61	495

### 4F. Geographical information

The revenue and non-current assets are disaggregated into Singapore, Southeast Asia (excluding Singapore), Middle East, East Asia, Indian Subcontinent and other region which are in compliance with SFRS(I) 8.

	Revenue		Non-current assets	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore	29,283	43,676	18,897	15,893
Southeast Asia (excluding Singapore)	5,872	9,561	1,897	1,879
Middle East	4,514	2,496	–	–
East Asia	3,222	1,527	1,442	1,560
Indian Subcontinent	2,637	1,376	–	–
Other region	689	2,475	–	–
	<b>46,217</b>	61,111	<b>22,236</b>	19,332

Revenue is attributed to the geographical areas where they are derived by the Group. The non-current assets are analysed by the geographical areas in which the assets are located. The non-current assets exclude deferred tax assets, other financial assets and convertible promissory note.

### 4G. Information on major customers

One customer contributed more than 10% of the Group's revenue (2022: two customers). Total sales to this customer for reporting year ended 31 December 2023 was approximately \$6,598,000 (2022: \$18,017,000).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 5. REVENUE

### 5A. Classification by type of goods or services

	Group	
	2023	2022
	\$'000	\$'000
Sale of goods	43,310	58,313
Rendering of services	1,602	1,599
Rental revenue	1,305	1,199
	<b>46,217</b>	<b>61,111</b>

### 5B. Classification by duration of contracts

	Group	
	2023	2022
	\$'000	\$'000
Short-term contracts	46,217	61,111

### 5C. Classification by timing of revenue recognition

	Group	
	2023	2022
	\$'000	\$'000
Point in time	44,912	59,912
Over time	1,305	1,199
	<b>46,217</b>	<b>61,111</b>

The customers are mainly corporate customers.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 6. OTHER GAINS/(LOSSES)

	Group	
	2023 \$'000	2022 \$'000
Allowance for impairment of trade receivables – (loss)/reversal (Note 21)	(35)	33
Bad debts written-off on trade receivables	(3)	(6)
Dividend income	–	59
Fair value loss on other financial assets (Note 18C)	–	(344)
Foreign exchange (loss)/gains	(5)	150
Gain on disposal of plant and equipment	10	16
Government grant income	139	67
Interest income from insurance policy (Note 18A)	57	39
Royalty and licensing fee income	54	59
Plant and equipment written off	(1)	(1)
Income from 2019 agreement <sup>(#)</sup>	120	17
Other income	7	14
	<b>343</b>	<b>103</b>
Presented in profit or loss as:		
Other gains	<b>387</b>	454
Other losses	<b>(44)</b>	(351)
	<b>343</b>	<b>103</b>

(#) In 2008, a subsidiary entered into an agreement with a Vietnam company to establish a joint arrangement for acquiring three parcels of land in Vietnam. The subsidiary paid a deposit of US\$468,800. However, the land purchase and joint arrangement did not materialise. In 2019, the subsidiary and the Vietnam company entered into an agreement to terminate the original arrangement and the deposit of US\$468,800 and interest charges will be refunded. As at 31 December 2023, the deposit of US\$468,800 has been fully refunded. The surplus amount of US\$90,206 (equivalent to S\$120,000) received during the reporting year is recorded as other gains. In total, US\$571,028 has been collected; and the balance of US\$128,972 to be paid by the Vietnam Company shall be recognised as other gain when it is collected.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 7. DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

Major components include the following:

	Group	
	2023 \$'000	2022 \$'000
<u>Distribution costs</u>		
Employee benefits expense	1,232	1,118
Freight charges	406	364
<u>Administrative expenses</u>		
Employee benefits expense	3,944	3,900
Depreciation expense	629	704

## 8. FINANCE COSTS

	Group	
	2023 \$'000	2022 \$'000
Interest expense	142	171

## 9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2023 \$'000	2022 \$'000
Employee benefits expense	6,638	6,372
Contributions to defined contribution plan	512	493
Others	130	135
	<u>7,280</u>	<u>7,000</u>
Included in:		
Cost of sales	2,104	1,982
Distribution costs	1,232	1,118
Administrative expenses	3,944	3,900
	<u>7,280</u>	<u>7,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 10. INCOME TAX

### 10A. Components of income tax recognised in profit or loss

	Group	
	2023 \$'000	2022 \$'000
<u>Current tax</u>		
Current tax expense	121	160
Adjustments in respect of prior years	22	(5)
	<u>143</u>	<u>155</u>
<u>Deferred tax</u>		
Deferred tax income	(5)	(11)
Adjustments in respect of prior years	-	(9)
	<u>(5)</u>	<u>(20)</u>
<u>Withholding tax</u>		
Withholding tax expense	1	5
	<u>1</u>	<u>5</u>
	<u>139</u>	<u>140</u>

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore statutory tax rate of 17% (2022: 17%) to profit before tax as a result of the following:

	Group	
	2023 \$'000	2022 \$'000
Profit before tax	662	1,238
Less: Share of results of equity-accounted joint ventures	(239)	(187)
	<u>423</u>	<u>1,051</u>
Income tax at statutory rate	72	179
Non-deductible items	79	37
Adjustments to current tax in respect of prior years	22	(5)
Adjustments to deferred tax in respect of prior years	-	(9)
Tax exemptions	(35)	(35)
Withholding tax expense	1	5
Recognition of previously unrecognised tax losses	-	(32)
Total income tax expense	<u>139</u>	<u>140</u>

There are no income tax consequences of dividends to owners of the Company. Temporary differences arising in connection with interests in subsidiaries and associates are insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 10. INCOME TAX (CONTINUED)

### 10B. Deferred tax recognised in profit or loss

	Group	
	2023 \$'000	2022 \$'000
Excess of net book value over tax value of property, plant and equipment	(7)	(15)
Excess of tax value over net book value of property, plant and equipment	2	-
Deferred tax relating to depreciation of right-of-use assets and interest on lease liabilities	(9)	(9)
Provision for unutilised leave	1	7
Unutilised tax losses	-	21
Unutilised capital allowances	-	2
	<b>(13)</b>	6
Unrecognised deferred tax assets	8	(26)
	<b>(5)</b>	(20)

### 10C. Deferred tax in statement of financial position

	Group	
	2023 \$'000	2022 \$'000
Excess of book value over tax value of property, plant and equipment	(694)	(701)
Excess of tax value over book value of property, plant and equipment	20	22
Deferred tax relating to depreciation of right-of-use assets and interest on lease liabilities	42	33
Provision for unutilised leave	27	28
Unutilised tax losses	38	38
	<b>(567)</b>	(580)
Unrecognised deferred tax assets	(18)	(10)
	<b>(585)</b>	(590)
Presented in consolidated statement of financial position as follows:		
Deferred tax assets	52	50
Deferred tax liabilities	(637)	(640)
	<b>(585)</b>	(590)

The realisation of the future income tax benefits from unutilised tax losses and capital allowances are available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit attributable to owners of the Company for the year, net of tax by the weighted average number of shares outstanding during the reporting year.

The following sets out the numerator and denominator used to calculate basic earnings per share of no par value:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Numerator</u>		
Profit for the year attributable to owners of the Company	<b>523</b>	1,098
	<b>2023</b>	<b>2022</b>
	<b>'000</b>	<b>'000</b>
<u>Denominator</u>		
Weighted average number of shares	<b>164,531</b>	164,531

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective reporting years.

## 12. DIVIDENDS

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Final tax exempt (1-tier) dividends paid at 0.50 cent (2022: 1.00 cent) per share	<b>823</b>	1,645

On 28 February 2024, the directors proposed a final dividend of 0.50 cent per ordinary share, amounting to \$823,000. This dividend is subject to approval by shareholders at the forthcoming annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to the shareholders.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 13. PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	<u>Leasehold properties and improvements \$'000</u>	<u>Plant and equipment \$'000</u>	<u>Total \$'000</u>
<u>Cost</u>			
At 1 January 2022	15,537	13,106	28,643
Additions	17	459	476
Disposals	–	(1,271)	(1,271)
Written-off	(29)	(387)	(416)
Foreign exchange adjustments	(262)	(40)	(302)
At 31 December 2022	15,263	11,867	27,130
Additions <sup>(a)</sup>	1,949	2,861	4,810
Disposals	–	(56)	(56)
Written off	(3)	(160)	(163)
Foreign exchange adjustments	(233)	(183)	(416)
At 31 December 2023	<b>16,976</b>	<b>14,329</b>	<b>31,305</b>
<u>Accumulated depreciation</u>			
At 1 January 2022	4,882	10,986	15,868
Depreciation for the year	579	784	1,363
Disposals	–	(1,264)	(1,264)
Written-off	(29)	(386)	(415)
Foreign exchange adjustments	(70)	(37)	(107)
At 31 December 2022	5,362	10,083	15,445
Depreciation for the year	664	961	1,625
Disposals	–	(55)	(55)
Written off	(3)	(159)	(162)
Foreign exchange adjustments	(59)	(70)	(129)
At 31 December 2023	<b>5,964</b>	<b>10,760</b>	<b>16,724</b>
<u>Net book value</u>			
At 1 January 2022	10,655	2,120	12,775
At 31 December 2022	9,901	1,784	11,685
At 31 December 2023	<b>11,012</b>	<b>3,569</b>	<b>14,581</b>

(a) Additions include an amount of \$2,336,000 reclassified from deposit.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Allocation of depreciation expense

	Group	
	2023 \$'000	2022 \$'000
Cost of sales	1,007	789
Administrative expenses	618	574
	<b>1,625</b>	<b>1,363</b>

<u>Company</u>	<u>Leasehold properties and improvements \$'000</u>	<u>Plant and equipment \$'000</u>	<u>Total \$'000</u>
<u>Cost</u>			
At 1 January 2022	1,309	1,153	2,462
Foreign exchange adjustments	(14)	(13)	(27)
At 31 December 2022	1,295	1,140	2,435
Foreign exchange adjustments	(20)	(18)	(38)
At 31 December 2023	<b>1,275</b>	<b>1,122</b>	<b>2,397</b>
<u>Accumulated depreciation</u>			
At 1 January 2022	1,005	942	1,947
Depreciation for the year	16	53	69
Foreign exchange adjustments	(11)	(12)	(23)
At 31 December 2022	1,010	983	1,993
Depreciation for the year	16	50	66
Foreign exchange adjustments	(16)	(16)	(32)
At 31 December 2023	<b>1,010</b>	<b>1,017</b>	<b>2,027</b>
<u>Net book value</u>			
At 1 January 2022	304	211	515
At 31 December 2022	285	157	442
At 31 December 2023	<b>265</b>	<b>105</b>	<b>370</b>

During the reporting year, the Group received an enterprise development grant amounting to \$560,000 from Enterprise Singapore to support purchase of a new automated bottle filling line. The grant is initially recognised as deferred income and subsequently credited to profit or loss over the useful life of the asset. Other information of the grant is disclosed in Note 27.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The following are properties held by the Group at the end of the reporting year:

<b>Location of properties</b>	<b>Tenure</b>	<b>Gross land area (sqm)</b>	<b>Gross built-in area (sqm)</b>	<b>Existing use</b>
<i>Singapore</i>				
No. 30 Gul Crescent, Singapore 629535	60 years lease with effect from 1 April 1981 and expiring in March 2041	5,217	1,550	Manufacture of lubricating oils and fluids
No. 18 Pioneer Sector 1, Singapore 628428	64 years and 11 months lease with effect from 1 February 1979 and expiring in December 2043	8,426	4,464	Manufacture of lubricating oils and fluids
No. 19 Tractor Road, Singapore 627977	22 years 10 months lease with effect from 29 February 2008 and expiring in December 2030	5,988	1,853	Toll-blend and manufacture of chemicals and specialty chemicals
No. 17C Tuas Road, Singapore 637816	30 years with effect from 1 July 2010 and expiring in June 2040	490	1,505	Manufacture of chemicals
<i>PRC</i>				
Rooms 2102 and 2103 East Tower, BHC Business Center, 2218 Hunan Road, Shanghai 201204, PRC	50 years lease with effect from 25 November 2011 and expiring in November 2061	Not applicable	203	Office

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 14. RIGHT-OF-USE ASSETS

<u>Group</u>	<u>Leased land \$'000</u>	<u>Leased property \$'000</u>	<u>Total \$'000</u>
<u>Cost</u>			
At 1 January 2022	6,097	437	6,534
Additions	19	–	19
Foreign exchange adjustments	(16)	–	(16)
Written off	–	(437)	(437)
At 31 December 2022	6,100	–	6,100
Additions	214	–	214
Remeasurement	142	–	142
Foreign exchange adjustments	(23)	–	(23)
At 31 December 2023	<b>6,433</b>	<b>–</b>	<b>6,433</b>
<u>Accumulated depreciation</u>			
At 1 January 2022	979	255	1,234
Depreciation for the year	320	130	450
Foreign exchange adjustments	(5)	–	(5)
Written off	–	(385)	(385)
At 31 December 2022	1,294	–	1,294
Depreciation for the year	337	–	337
Foreign exchange adjustments	(5)	–	(5)
At 31 December 2023	<b>1,626</b>	<b>–</b>	<b>1,626</b>
<u>Net book value</u>			
At 1 January 2022	5,118	182	5,300
At 31 December 2022	4,806	–	4,806
At 31 December 2023	<b>4,807</b>	<b>–</b>	<b>4,807</b>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 14. RIGHT-OF-USE ASSETS (CONTINUED)

<u>Company</u>	<u>Leased land</u> <u>\$'000</u>
<u>Cost</u>	
At 1 January 2022	1,460
Foreign exchange adjustments	(16)
At 31 December 2022	1,444
Remeasurement	38
Foreign exchange adjustments	(23)
At 31 December 2023	<b>1,459</b>
<u>Accumulated depreciation</u>	
At 1 January 2022	197
Depreciation for the year	67
Foreign exchange adjustments	(5)
At 31 December 2022	259
Depreciation for the year	66
Foreign exchange adjustments	(5)
At 31 December 2023	<b>320</b>
<u>Net book value</u>	
At 1 January 2022	1,263
At 31 December 2022	1,185
At 31 December 2023	<b>1,139</b>

### Allocation of depreciation expense

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost of sales	<b>326</b>	320
Administrative expenses	<b>11</b>	130
	<b>337</b>	450

Other information on leasing activities relating to right-of-use assets are summarised as follows:

	<b>Leased land</b>	
	<b>2023</b>	<b>2022</b>
Number of right-of-use assets	<b>4</b>	3
Remaining term (range)	<b>7 to 20 years</b>	8 to 21 years
Remaining term (average)	<b>15 years</b>	16 years
Number of leases with extension options	<b>2</b>	2

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 14. RIGHT-OF-USE ASSETS (CONTINUED)

The leases are for production facilities and office space. These leases include four parcels of land leased from JTC starting from 1 April 1981, 1 February 1979, 29 February 2008 and 1 July 2010, respectively, for a period of 60 years, 64 years 11 months, 22 years 10 months and 30 years, respectively.

The lease rental is subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

There are restrictions or covenants imposed by the leases to sublet the asset to another party. The right-of-use asset can only be used by the lessee. Unless permitted by the owner, the leases prohibit selling or pledging the underlying leased assets as security. Typically, the leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

Certain leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term.

## 15. GOODWILL

	Group	
	2023 \$'000	2022 \$'000
At beginning and end of the year	<u>409</u>	<u>409</u>

Goodwill is allocated to a CGU for the purpose of impairment testing. This CGU represents the Group's investment in GB Chemicals Pte Ltd ("GB Chemicals"), a subsidiary of the Company (see Note 16).

The goodwill is tested for impairment at end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGU's have been measured based on the fair value less costs of disposal method or the value in use method as appropriate for the separate CGUs.

No impairment allowance was recognised by the Group as the carrying amount of the CGU was lower than its recoverable amount.

The value in use was determined by management. The key assumptions for value in use calculations are those regarding the discount rate, growth rate and expected changes to selling prices and direct costs during the year. Management estimates the discount rate using pre-tax rate that reflects current market assessments of the time value of money and risks specific to the CGU. The growth rate is based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The impairment test has been carried out using a discounted cash flows model covering a five year period. Cash flow projections are made based on current year's results with 3% growth rate (2022: 3%). The estimated discount rate using pre-tax rate that reflects current market assessments at the risks specific to the CGU is 10.7% (2022: 9.0%).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 15. GOODWILL (CONTINUED)

Actual outcomes could vary from these estimates. If the revised estimated gross margin at end of the reporting year had been 10% less favourable than management's estimates or the revised estimated pre-tax discount rate applied to the discounted cash flows had been 10% less favourable than management's estimates, the recoverable amount would still be greater than the carrying value of the goodwill and no impairment for goodwill will be required. If the actual gross margin and pre-tax discount rate had been more favourable than management's estimates, management would not be able to reverse any impairment losses that arose on goodwill because SFRS(I) 1-36 does not permit reversing an impairment loss for goodwill.

The value in use is a recurring fair value measurement (level 3) determined by management. The quantitative information on value in use measurement using significant unobservable inputs for the CGU are consistent with those used for the measurement last performed.

## 16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 \$'000	2022 \$'000
Unquoted equity shares at cost	<b>15,988</b>	16,161
Foreign exchange adjustments	<b>406</b>	(173)
	<b>16,394</b>	15,988
Less: Allowance for impairment	<b>(847)</b>	(618)
	<b>15,547</b>	15,370
Quasi-equity loan <sup>(#)</sup>	<b>1,886</b>	1,907
Foreign exchange adjustments	<b>(29)</b>	(21)
	<b>1,857</b>	1,886
	<b>17,404</b>	17,256

Movements in allowance for impairment are as follows:

At beginning of the year	<b>618</b>	332
Additions	<b>243</b>	299
Foreign exchange adjustments	<b>(14)</b>	(13)
At end of the year	<b>847</b>	618

(#) The quasi-equity loan represents an interest-free loan from the Company to its subsidiary, AP (Vietnam) Holdings Pte Ltd ("AP Vietnam"). This loan is not expected to be repaid in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Information of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2023 %	2022 %
<i>Held by the Company</i>				
A.I.M. Chemical Industries Pte Ltd <sup>(a)</sup>	Singapore	Toll-blending and manufacturing of specialty chemicals and trading of chemical products	100	100
Alpha Pacific Petroleum (S) Pte Ltd <sup>(a)</sup>	Singapore	Importers and exporters, and blending of lubricating oil and grease	100	100
AP Oil Pte Ltd <sup>(a)</sup>	Singapore	Manufacturing of lubricating oil; provision of oil blending service; and trading of base oil and lubricant components	100	100
GB Chemicals <sup>(a)</sup>	Singapore	Manufacturing and trading of cleaning and chemical products and trading of equipment	100	100
Axel Oil Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	100	100
AP Vietnam <sup>(a)</sup>	Singapore	Investment holding	100	100
Alpha Pacific Developments Holdings Pte Ltd <sup>(a)</sup>	Singapore	Dormant	100	100
AP Oil Singapore (Shanghai) Limited <sup>(b)</sup>	PRC	Wholesale, import and export of lubricating oil	100	100
<i>Held through APOPL</i>				
AP Tang Mining Phil. Corporation <sup>(c)</sup>	Philippines	Dormant	90	90

(a) Audited by RSM SG Assurance LLP in Singapore.

(b) Audited by Zhongzhun Certified Public Accountants, which is not a member firm of RSM International of which RSM SG Assurance LLP in Singapore is a member.

(c) Not audited as it is immaterial. Two shares, representing 0.008% interest in the subsidiary, are held in trust by certain directors of the Company.

There are no subsidiaries with non-controlling interest that are considered material to the reporting entity.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 17. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At beginning of the year	2,432	2,509	510	516
Share of results for the year <sup>(#)</sup>	239	187	–	–
Dividends	(124)	(105)	–	–
Foreign exchange adjustments	(108)	(159)	(8)	(6)
At end of the year	2,439	2,432	502	510

(#) The accounting for investments in joint ventures is based on the equity method (refer Note 2A); and the unaudited financial statements as at 31 December of the joint ventures is used for accounting purposes. Any subsequent adjustments noted in the audited financial statements, which have an impact, will be reflected in the share of results of the ensuing year.

The carrying value comprises the following:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Unquoted equity shares at cost	1,831	1,831	534	534
Share of post-acquisition results, net of dividends received	1,377	1,262	–	–
Foreign exchange adjustments	(769)	(661)	(32)	(24)
	2,439	2,432	502	510

Information on the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2023 %	2022 %
<i>Held by the Company</i>				
AP Oil Singapore (Chongqing) Ltd ("AP Oil Chongqing") <sup>(a)</sup>	PRC	Trading of petroleum lubricating oils, base oils, additives and petrochemical related products	51	51
<i>Held through AP Vietnam</i>				
AP Saigon Petro Joint Stock Company ("AP Saigon") <sup>(b)</sup>	Vietnam	Manufacturing and blending of all types of lubricants, additives and chemicals and provision of logistics services for lubricants, chemicals, additives and petroleum related products	30	30

(a) Audited by Chongqing Kaihong Certified Public Accountants Co. Ltd, which is not a member firm of RSM International of which RSM SG Assurance LLP in Singapore is a member.

(b) Audited by RSM Vietnam Auditing & Consulting Company Ltd, a member firm of RSM International of which RSM SG Assurance LLP in Singapore is a member.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

### 17A. AP Oil Chongqing

AP Oil Chongqing was established on 24 August 2015 by the Company and another entity. The parties expect the arrangement to benefit them in different ways. AP Oil Chongqing's legal form causes it to be a separate vehicle to be considered in its own right. The articles and association of AP Oil Chongqing establishes joint control of the activities of AP Oil Chongqing. The joint arrangement is carried out through a separate vehicle, whose legal form confers separation between the parties and the separate vehicle, and the parties have rights to the net assets of AP Oil Chongqing. The Company recognises its rights to the net assets of AP Oil Chongqing as investment and accounts for it using the equity method.

AP Oil Chongqing is considered as an immaterial joint venture to the Group. The summarised financial information for AP Oil Chongqing and the amounts (and not the Group's share of those amounts) based on the financial statements of AP Oil Chongqing are set out below. These are adjusted to reflect adjustments made by the Company when using the equity method.

	Group	
	2023 \$'000	2022 \$'000
Profit for the year	12	13
Net assets of joint venture	<u>1,063</u>	<u>1,095</u>

### 17B. AP Saigon

AP Saigon was established by the Company and two other entities. The parties expect the arrangement to benefit them in different ways. AP Saigon's legal form causes it to be a separate vehicle to be considered in its own right. The shareholders' agreement establishes joint control of the activities of AP Saigon. The joint arrangement is carried out through a separate vehicle, whose legal form confers separation between the parties and the separate vehicle, and the parties have rights to the net assets of AP Saigon. The Company recognises its rights to the net assets of AP Saigon as investment and accounts for it using the equity method.

The summarised financial information for AP Saigon and the amounts (and not the Group's share of those amounts) based on the financial statements of AP Saigon are set out below. These are adjusted to reflect adjustments made by the Company when using the equity method.

	Group	
	2023 \$'000	2022 \$'000
Revenue	<u>14,129</u>	15,932
Profit for the year	676	582
Includes:		
– Depreciation and amortisation	(117)	(122)
– Interest income	282	361
– Interest expense	(185)	(109)
– Income tax expense	<u>(199)</u>	<u>(171)</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

### 17B. AP Saigon (Continued)

	Group	
	2023 \$'000	2022 \$'000
Current assets <sup>(a)</sup>	12,118	11,681
Non-current assets	663	555
Current liabilities	(6,281)	(5,767)
Non-current liabilities	(184)	(229)
Net assets	<u>6,316</u>	<u>6,240</u>
<sup>(a)</sup> Includes cash and cash equivalents	<u>467</u>	<u>244</u>
<u>Reconciliation</u>		
Net assets of joint venture	6,316	6,240
Proportion of ownership interest	30%	30%
Carrying amount of interest in joint venture	<u>1,895</u>	<u>1,872</u>

## 18. OTHER FINANCIAL ASSETS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Key man life insurance policy (Note 18A)	1,006	973	1,006	973
Investment in equity interests of unquoted entity at FVTPL (Note 18B)	5,521	5,607	5,521	5,607
Investment in Simple Agreement for Future Equity note of unquoted entity at FVTPL (Note 18C)	327	332	-	-
	<u>6,854</u>	<u>6,912</u>	<u>6,527</u>	<u>6,580</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 18. OTHER FINANCIAL ASSETS (CONTINUED)

### 18A. Key man life insurance policy

	Group and Company	
	2023	2022
	\$'000	\$'000
At beginning of the year	973	954
Insurance premium recognised in profit or loss	(9)	(8)
Insurance interest income recognised in profit or loss (Note 6)	57	39
Foreign exchange adjustments	(15)	(12)
At end of the year	<u>1,006</u>	<u>973</u>

The key man life insurance policy (life insurance settlement contract) is accounted under the investment method. The initial investment at the transaction price plus all initial direct external costs and the policy premiums and direct external costs to keep the policy in force are capitalised. A test for impairment is made if there is new or updated information that indicates that the expected proceeds (based on current interest rates) from the insurance policy will not be sufficient to recover the carrying amount of the investment plus anticipated undiscounted future premiums and capitalisable direct external costs, when the policy terminates. The impairment allowance is charged to profit or loss.

### 18B. Investment in equity interests of unquoted entity at FVTPL

	Group and Company	
	2023	2022
	\$'000	\$'000
Fair value at beginning of the year	5,607	5,665
Foreign exchange adjustments	(86)	(58)
Fair value at end of the year	<u>5,521</u>	<u>5,607</u>

In 2016, the Company entered into an agreement with three other parties to establish Chongqing Zongshen Financial Leasing Company Limited ("Chongqing Zongshen Financial Leasing") in the PRC for the purpose of undertaking a financial leasing business. Pursuant to this agreement, the Company subscribed for 12.5% of the equity interests (unquoted) in Chongqing Zongshen Financial Leasing for RMB25,000,000 (the "Investment").

At the same time, as part of this arrangement, the Company also entered into a supplementary agreement with all the above parties pursuant to which the major shareholder of Chongqing Zongshen Financial Leasing granted a put option to the Company whereby the Company, at its sole discretion, has the right to sell to the major shareholder all or part of its equity interest in Chongqing Zongshen Financial Leasing (the "Option"). The Option is exercisable from 1 January 2018 and shall be valid for as long as the Company holds the equity interests in Chongqing Zongshen Financial Leasing, and the exercise price shall be based on the higher of the Company's original capital contribution and the agreed market value at the time of exercise.

The Company accounted for this entire hybrid instrument as at FVTPL. The fair value of the financial asset at the end of the year, which is categorised within level 3 of the fair value hierarchy, was determined by an external valuer, Baker Tilly Consultancy (Singapore) Pte Ltd, based on the adjusted net assets approach.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 18. OTHER FINANCIAL ASSETS (CONTINUED)

### 18C. Investment in Simple Agreement for Future Equity note of unquoted entity at FVTPL

	Group	
	2023 \$'000	2022 \$'000
Fair value at beginning of the year	332	–
Addition	–	688
Fair value loss (Note 6)	–	(344)
Foreign exchange adjustments	(5)	(12)
Fair value at end of the year	<u>327</u>	<u>332</u>

In August 2022, the Group invested US\$500,000 in Simple Agreement for Future Equity issued by Coval Technologies Pte Ltd. The Group accounted for this investment as other financial assets measured at FVTPL. The fair value of the financial asset, which is categorised within level 2 of the fair value hierarchy, was based on market approach.

## 19. OTHER RECEIVABLES, NON-CURRENT

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Other receivables</u>				
Convertible promissory note (Note 19A)	229	–	–	–
Subsidiaries	–	–	600 <sup>(a)</sup>	–
	<u>229</u>	<u>–</u>	<u>600</u>	<u>–</u>

(a) The Company granted a loan of S\$1,200,000 to a wholly-owned subsidiary during the reporting year, interest rate fixed at 4% per annum. The first loan instalment of S\$600,000 is due one year after loan disbursement date (disclosed in Note 21) and the remaining S\$600,000 is due two years after the loan disbursement date.

### 19A. Convertible promissory note

	Group	
	2023 \$'000	2022 \$'000
Fair value at beginning of the year	–	–
Addition	235	–
Foreign exchange adjustments	(6)	–
Fair value at end of the year	<u>229</u>	<u>–</u>

In September 2023, the Group subscribed to a convertible promissory note ("CPN") issued by a Singapore company engaged in green hydrogen project. The CPN bears an interest of 9% per annum, repayable in 2026, with option to convert the CPN to equity. The CPN was measured at FVTPL, fair value is categorised within level 2 of the fair value hierarchy, based on the market approach.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 20. INVENTORIES

	Group	
	2023 \$'000	2022 \$'000
Finished goods and goods for resale	2,515	2,454
Raw materials	5,218	6,663
	<b>7,733</b>	9,117
Raw materials used	<b>32,309</b>	46,495
Write back of inventories to profit or loss included in cost of sales	<b>(1)</b>	(16)
Changes in inventories of finished goods and goods for resale	<b>61</b>	138

There are no inventories pledged as security for liabilities.

## 21. TRADE AND OTHER RECEIVABLES, CURRENT

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Trade receivables</u>				
Outside parties	5,644	5,229	-	-
Joint venture	165	503	-	-
Less: Allowance for impairment	(103)	(69)	-	-
	<b>5,706</b>	5,663	-	-
<u>Other receivables</u>				
Other receivables	41	51	17	9
Subsidiaries	-	-	14,258 <sup>(a)</sup>	13,298
Less: Allowance for impairment	-	-	(327)	(332)
	<b>41</b>	51	<b>13,948</b>	12,975
	<b>5,747</b>	5,714	<b>13,948</b>	12,975

(a) Included within is the first loan instalment of \$600,000 as disclosed in Note 19.

Movements in allowance for impairment are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At beginning of the year	69	103	332	-
Charged/(reversed) to profit or loss				
included in other gains/losses (Note 6)	35	(33)	-	344
Foreign exchange adjustments	(1)	(1)	(5)	(12)
At end of the year	<b>103</b>	69	<b>327</b>	332

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 21. TRADE AND OTHER RECEIVABLES, CURRENT (CONTINUED)

The trade receivables are subject to the ECL model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on its historical observed default rates (over a period ranging from 12 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Loss allowance for trade receivables was determined as follows:

	Gross amount		ECL rate		Loss allowance	
	2023 \$'000	2022 \$'000	2023 %	2022 %	2023 \$'000	2022 \$'000
<b>Group</b>						
Current	<b>3,419</b>	3,534	<b>0.12</b>	0.03	<b>4</b>	1
1 to 30 days past due	<b>1,241</b>	1,083	<b>0.48</b>	0.18	<b>6</b>	2
31 to 60 days past due	<b>569</b>	412	<b>1.76</b>	0.73	<b>10</b>	3
Over 60 days past due	<b>580</b>	703	<b>14.31</b>	8.96	<b>83</b>	63
	<b>5,809</b>	5,732			<b>103</b>	69

The trade receivables are considered to have low credit risk individually. The loss allowance as at 31 December 2023 was determined to be insignificant by management.

At each subsequent reporting date, an evaluation is made as to whether there is significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at reporting date (based on modified cash flows). Adjustment to loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to customers is between 30 to 90 days (2022: 30 to 90 days). However, certain customers may take a longer period to settle the amounts.

Concentration of trade receivable at end of reporting year:

	Group	
	2023 \$'000	2022 \$'000
Top 1 customer	<b>697</b>	763
Top 2 customers	<b>1,017</b>	1,424
Top 3 customers	<b>1,320</b>	1,928

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 21. TRADE AND OTHER RECEIVABLES, CURRENT (CONTINUED)

Other receivables at amortised cost shown above are also subject to the ECL model under the financial reporting standard on financial instruments. Other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period a loss allowance is recognised at an amount equal to 12-month ECL because there has not been a significant increase in credit risk since initial recognition.

At each subsequent reporting date, an evaluation is made whether there is significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

Other receivables are normally with no fixed terms and therefore there is no maturity. Other receivables due from related companies are regarded to be of low credit risk if they are guaranteed by the parent or a related company with the ability to settle the amount. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

## 22. OTHER ASSETS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Prepayments	159	187	5	9
Advance payment to suppliers	845	26	–	–
Deposits <sup>(a)</sup>	344	2,536	5	4
	<b>1,348</b>	<b>2,749</b>	<b>10</b>	<b>13</b>

(a) Include a deposit of \$292,000 (2022:\$2,271,000) for the purchase of plant and equipment and a deposit of Nil (2022: \$136,000) for the purchase of a property located at 17C Tuas Road Singapore 637816. The related capital commitments are disclosed in Note 29.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Not restricted in use	<b>25,047</b>	24,698	<b>3,850</b>	6,454
Interest earning balances <sup>(#)</sup>	<b>21,234</b>	20,533	<b>3,662</b>	6,267

(#) The rate of interest for cash on interest earning balances was between 0.03% and 5.70% (2022: 0.02% and 3.90%) per annum.

### 23A. Cash and cash equivalents in statement of cash flows

	Group	
	2023 \$'000	2022 \$'000
Cash and cash equivalents for statement of cash flows purposes at end of the year	<b>25,047</b>	24,698

### 23B. Reconciliation of liabilities arising from financing activities

	Bank loans \$'000	Lease liabilities \$'000	Total \$'000
<u>Group</u>			
At 1 January 2022	5,324	5,487	10,811
Cash flows	(5,324)	(424)	(5,748)
Non-cash transactions	–	(4)	(4)
At 31 December 2022	–	5,059	5,059
Cash flows	–	(297)	(297)
Non-cash transactions	–	356	356
At 31 December 2023	<b>–</b>	<b>5,118</b>	<b>5,118</b>



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 24. SHARE CAPITAL

	Company	
	Number of shares issued '000	Share capital \$'000
At 1 January 2022, 31 December 2022 and 31 December 2023	164,531	6,606

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

### Capital management

In order to maintain its listing on the SGX-ST, the Company has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrar frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. Management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year.

Management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

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

All reserves classified as retained earnings represent past accumulated earnings and are distributable. The other reserves are not available for cash dividends unless realised.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 25. OTHER RESERVES

<u>Group</u>	<b>Capital reserve<sup>(#)</sup> \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Total \$'000</b>
At 1 January 2022	5,230	(1,131)	4,099
Exchange difference on translation from functional currency to presentation currency	–	(678)	(678)
Share of other comprehensive loss from equity-accounted joint ventures, net of tax	–	(139)	(139)
At 31 December 2022	5,230	(1,948)	3,282
Exchange difference on translation from functional currency to presentation currency	–	(670)	(670)
Share of other comprehensive loss from equity-accounted joint ventures, net of tax	–	(109)	(109)
At 31 December 2023	<b>5,230</b>	<b>(2,727)</b>	<b>2,503</b>

(#) The capital reserve is not available for cash dividends.

### Company

	<b>Foreign currency translation reserve \$'000</b>
At 1 January 2022	(1,025)
Exchange difference on translation from functional currency to presentation currency	(468)
At 31 December 2022	(1,493)
Exchange difference on translation from functional currency to presentation currency	(641)
At 31 December 2023	<b>(2,134)</b>

## 26. LEASE LIABILITIES

	<b>Group</b>		<b>Company</b>	
	<b>2023 \$'000</b>	<b>2022 \$'000</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Lease liabilities, current	<b>301</b>	283	<b>58</b>	54
Lease liabilities, non-current	<b>4,817</b>	4,776	<b>1,196</b>	1,218
	<b>5,118</b>	5,059	<b>1,254</b>	1,272

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 26. LEASE LIABILITIES (CONTINUED)

Movements in lease liabilities are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At beginning of the year	5,059	5,487	1,272	1,325
Additions	214	48	–	–
Interest	142	140	34	35
Repayments	(439)	(564)	(90)	(88)
Non-cash changes	142 <sup>(a)</sup>	(52) <sup>(b)</sup>	38 <sup>(a)</sup>	–
At end of the year	5,118	5,059	1,254	1,272

(a) Lease modification for the year ended 31 December 2023 due to revision of lease payment.

(b) Lease modification for the year ended 31 December 2022 due to early termination of lease.

Other information about the leasing activities relating to the right-of-use assets are summarised as follows:

	Group	
	2023	2022
Weighted average incremental borrowing rate applied to lease liabilities	<u>1.43% to 4.00%</u>	<u>1.43% to 2.68%</u>

The lease liabilities above do not include short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments that do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of lease liabilities and right-of-use assets. The right-of-use assets are disclosed in Note 14.

Only variable lease payments that depend on an index or a rate, or payments that vary to reflect changes in market rental rates, are included in the measurement of the lease liabilities. Such variable amounts that are unpaid at commencement date are included in the measurement of lease liabilities. Variable lease payments would also include extension options and termination options, and leases not yet commenced to which the lessee is committed. Variable lease payments that are based on revenue are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 26. LEASE LIABILITIES (CONTINUED)

A summary of the maturity analysis of lease liabilities setting out the remaining contractual maturities is as follows:

<b>Group</b>	<b>Minimum payments<sup>(#)</sup> \$'000</b>	<b>Finance charges \$'000</b>	<b>Present value \$'000</b>
<u>2023</u>			
Due within one year	436	(135)	301
Due within two to five years	1,733	(456)	1,277
Due after five years	4,205	(665)	3,540
	<b>6,374</b>	<b>(1,256)</b>	<b>5,118</b>
<u>2022</u>			
Due within one year	414	(131)	283
Due within two to five years	1,623	(448)	1,175
Due after five years	4,303	(702)	3,601
	<b>6,340</b>	<b>(1,281)</b>	<b>5,059</b>
	<b>Minimum payments<sup>(#)</sup> \$'000</b>	<b>Finance charges \$'000</b>	<b>Present value \$'000</b>
<u>Company</u>			
<u>2023</u>			
Due within one year	91	(33)	58
Due within two to five years	361	(115)	246
Due after five years	1,114	(164)	950
	<b>1,566</b>	<b>(312)</b>	<b>1,254</b>
<u>2022</u>			
Due within one year	87	(33)	54
Due within two to five years	352	(118)	234
Due after five years	1,169	(185)	984
	<b>1,608</b>	<b>(336)</b>	<b>1,272</b>

(#) Refer to gross lease liabilities in Note 30E.

The cash outflow for leases for the year ended 31 December 2023 are shown in the statement of cash flows.

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

At reporting date, there were no commitments on leases which had not yet commenced.

The carrying amount is a reasonable approximation of the fair value measurement of the lease liabilities (Level 2).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 27. OTHER NON-FINANCIAL LIABILITIES

	Group	
	2023 \$'000	2022 \$'000
<u>Deferred income</u>		
Government grant related to asset purchase	<b>505</b>	–
Presented as follows:		
Non-current	<b>449</b>	–
Current	<b>56</b>	–
	<b>505</b>	–
At beginning of the year	–	–
Received during the year	<b>560</b>	–
Credited to profit or loss included in other gain (Note 6)	<b>(57)</b>	–
Foreign exchange adjustments	<b>2</b>	–
At end of the year	<b>505</b>	–

The Group received an enterprise development grant from Enterprise Singapore Board to support purchase of a new automated bottle filling line during the reporting year. The grant is recognised in the profit or loss over the useful life of the asset.

## 28. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Trade payables</u>				
Outside parties and accrued liabilities	<b>4,550</b>	4,308	<b>387</b>	481
<u>Other payables</u>				
Subsidiaries	–	–	<b>1,869</b>	1,831
Refundable deposits from customers	<b>204</b>	195	–	–
Contract liabilities (Note 28A)	<b>723</b>	428	–	–
Other payables	<b>703</b>	7	<b>1</b>	–
	<b>1,630</b>	630	<b>1,870</b>	1,831
	<b>6,180</b>	4,938	<b>2,257</b>	2,312

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 28. TRADE AND OTHER PAYABLES (CONTINUED)

### 28A. Contract liabilities

	Group	
	2023 \$'000	2022 \$'000
Advance payments from customers	<u>723</u>	<u>428</u>
Movements in contract liabilities are as follows:		
At beginning of the year	428	763
Consideration received	723	428
Performance obligation satisfied – revenue recognised	<u>(428)</u>	<u>(763)</u>
At end of the year	<u>723</u>	<u>428</u>

The contract liabilities primarily relate to the advance consideration received from customers for which no transfer of control occurs, and therefore no revenue is recognised and is expected to be recognised in the next reporting year.

## 29. CAPITAL COMMITMENTS

Estimated amounts committed at end of reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2023 \$'000	2022 \$'000
Commitments to purchase property, plant and equipment		
– Property <sup>(#)</sup>	–	1,533
– Plant and equipment	<u>35</u>	<u>374</u>
	<u>35</u>	<u>1,907</u>

(#) The Group completed its purchase of a property located at 17C Tuas Road Singapore 637816 on 15 February 2023.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### 30A. Categories of financial assets and financial liabilities

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Financial assets</u>				
Financial assets at amortised cost	<b>31,800</b>	31,385	<b>19,404</b>	20,402
Financial assets at FVTPL	<b>6,077</b>	5,939	<b>5,521</b>	5,607
	<b>37,877</b>	37,324	<b>24,925</b>	26,009
<u>Financial liabilities</u>				
Financial liabilities at amortised cost	<b>10,575</b>	9,569	<b>3,511</b>	3,584

Further quantitative disclosures are included throughout these financial statements.

### 30B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Group's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

- (i) Minimise interest rate, currency, credit and market risks for all kinds of transactions;
- (ii) Maximise the use of "natural hedge", favouring as much as possible the natural offsetting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk;
- (iii) All financial risk management activities are carried out and monitored by senior management staff; and
- (iv) All financial risk management activities are carried out following acceptable market practices.

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 30C. Fair value of financial instruments

See Note 2A on accounting policy. The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the material financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. The disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

### 30D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to measure expected credit losses (ECL) allowance on financial assets. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

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

### 30E. Liquidity risk

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is approximately 30 to 90 days (2022: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activities are expected to generate sufficient cash inflows.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 30E. Liquidity risk (Continued)

The following table analyses non-derivative financial liabilities by remaining contractual maturity and based on undiscounted cash flows:

<u>Group</u>	<u>Less than 1 year \$'000</u>	<u>1 to 5 years \$'000</u>	<u>Over 5 years \$'000</u>	<u>Total \$'000</u>
<u>2023</u>				
Gross lease liabilities (Note 26)	436	1,733	4,205	6,374
Trade and other payables <sup>(#)</sup>	5,457	–	–	5,457
	<b>5,893</b>	<b>1,733</b>	<b>4,205</b>	<b>11,831</b>
<u>2022</u>				
Gross lease liabilities (Note 26)	414	1,623	4,303	6,340
Trade and other payables <sup>(#)</sup>	4,510	–	–	4,510
	<b>4,924</b>	<b>1,623</b>	<b>4,303</b>	<b>10,850</b>

(#) Excludes contract liabilities.

<u>Company</u>	<u>Less than 1 year \$'000</u>	<u>1 to 5 years \$'000</u>	<u>Over 5 years \$'000</u>	<u>Total \$'000</u>
<u>2023</u>				
Gross lease liabilities (Note 26)	91	361	1,114	1,566
Trade and other payables	2,257	–	–	2,257
	<b>2,348</b>	<b>361</b>	<b>1,114</b>	<b>3,823</b>
<u>2022</u>				
Gross lease liabilities (Note 26)	87	352	1,169	1,608
Trade and other payables	2,312	–	–	2,312
	<b>2,399</b>	<b>352</b>	<b>1,169</b>	<b>3,920</b>

The above are the contractual undiscounted cash flows and differ from the amount included in the statements of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At end of reporting year, no claims on financial guarantees are expected.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 30F. Interest rate risk

Interest rate risk exposure is mainly from changes in fixed interest rate and floating interest rates. The following table analyses the breakdown of the significant financial instruments by type of interest rates:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Financial assets with interest</u>				
Fixed rate	<b>12,742</b>	15,512	<b>3,382</b>	3,551
Floating rate	<b>8,491</b>	5,021	<b>280</b>	2,716
	<b>21,233</b>	20,533	<b>3,662</b>	6,267
<u>Financial liabilities with interest</u>				
Fixed rate	<b>5,118</b>	5,059	<b>1,254</b>	1,272
			Group	
			2023 \$'000	2022 \$'000
<u>Financial assets (floating rate)</u>				
A hypothetical increase in interest rates by 100 basis points with all other variables held constant would increase pre-tax profit for the year by			<b>85</b>	50

The effect on pre-tax profit on a variation in interest rate of financial liabilities is not significant.

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

### 30G. Foreign currency risks

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 30G. Foreign currency risks (Continued)

Analysis of significant amounts held by the Group and the Company denominated in non-functional currencies is as follows:

<b>Group</b>	<b>USD</b>	<b>SGD</b>	<b>Other</b>	<b>Total</b>
<b>2023</b>	<b>\$'000</b>	<b>\$'000</b>	<b>currencies</b>	<b>\$'000</b>
			<b>\$'000</b>	
<u>Financial assets</u>				
Cash and cash equivalents	664	3,530	22	4,216
Trade and other receivables	183	1,570	–	1,753
	<b>847</b>	<b>5,100</b>	<b>22</b>	<b>5,969</b>
<u>Financial liabilities</u>				
Trade and other payables	(205)	(1,216)	(406)	(1,827)
Lease liabilities	–	(1,254)	–	(1,254)
	<b>(205)</b>	<b>(2,470)</b>	<b>(406)</b>	<b>(3,081)</b>
	<b>642</b>	<b>2,630</b>	<b>(384)</b>	<b>2,888</b>
<b>Group</b>	<b>USD</b>	<b>SGD</b>	<b>Other</b>	<b>Total</b>
<b>2022</b>	<b>\$'000</b>	<b>\$'000</b>	<b>currencies</b>	<b>\$'000</b>
			<b>\$'000</b>	
<u>Financial assets</u>				
Cash and cash equivalents	581	2,185	21	2,787
Trade and other receivables	155	1,426	–	1,581
	<b>736</b>	<b>3,611</b>	<b>21</b>	<b>4,368</b>
<u>Financial liabilities</u>				
Trade and other payables	(196)	(1,280)	(241)	(1,717)
Lease liabilities	–	(1,272)	–	(1,272)
	<b>(196)</b>	<b>(2,552)</b>	<b>(241)</b>	<b>(2,989)</b>
	<b>540</b>	<b>1,059</b>	<b>(220)</b>	<b>1,379</b>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 30G. Foreign currency risks (Continued)

<u>Company</u>	SGD	Other	Total
<u>2023</u>	<u>\$'000</u>	<u>currencies</u>	<u>\$'000</u>
		<u>\$'000</u>	<u>\$'000</u>
<u>Financial assets</u>			
Cash and cash equivalents	310	–	310
Trade and other receivables	4,025	–	4,025
	<u>4,335</u>	<u>–</u>	<u>4,335</u>
<u>Financial liabilities</u>			
Trade and other payables	(399)	–	(399)
Lease liabilities	(1,254)	–	(1,254)
	<u>(1,653)</u>	<u>–</u>	<u>(1,653)</u>
	<u>2,682</u>	<u>–</u>	<u>2,682</u>
<u>Company</u>	SGD	Other	Total
<u>2022</u>	<u>\$'000</u>	<u>currencies</u>	<u>\$'000</u>
		<u>\$'000</u>	<u>\$'000</u>
<u>Financial assets</u>			
Cash and cash equivalents	1,111	1	1,112
Trade and other receivables	3,750	–	3,750
	<u>4,861</u>	<u>1</u>	<u>4,862</u>
<u>Financial liabilities</u>			
Trade and other payables	(478)	–	(478)
Lease liabilities	(1,272)	–	(1,272)
	<u>(1,750)</u>	<u>–</u>	<u>(1,750)</u>
	<u>3,111</u>	<u>1</u>	<u>3,112</u>

There is exposure to foreign currency risk as part of the Group's normal business.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 30G. Foreign currency risks (Continued)

Sensitivity analysis for significant items

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
A hypothetical 10% depreciation in exchange rate of functional currency against USD would have a favourable effect on profit before tax of	64	54	-	-
A hypothetical 10% depreciation in exchange rate of functional currency against SGD would have a favourable effect on profit before tax of	263	106	268	311

The above table shows sensitivity to a hypothetical 10% depreciation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar appreciation of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the Group has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

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

### 30H. Equity price risk

There are investments in equity shares or similar instruments. Such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the equity shares. The fair value of these equity shares are disclosed in Note 18.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

## 31. AUDITORS' REMUNERATION

The aggregate amount of fees paid to auditors are as follows:

	Group	
	2023 \$'000	2022 \$'000
Audit fees to independent auditor of the Company	147	147
Other fees to independent auditor of the Company	27	28
Audit fees to other independent auditors	5	5
Other fees to other independent auditors	32	32

## 32. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For current reporting year, the ASC issued amendment to FRS 1 and Practice Statement 2 on disclosures of material accounting policy information and other explanatory information. Immaterial information need not be disclosed. Disclosures should not obscure material accounting policy information (such as material information being obscured, or information regarding a material item, transaction or other event is scattered throughout the financial statements, etc). In addition, the ASC issued certain new or revised financial reporting standards. None had material impact on the reporting entity.

SFRS (I) No.	Title
SFRS(I) 1-8	Definition of Accounting Estimates – Amendments to
SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to

## 33. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

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

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-1	Presentation of Financial Statements-amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2024
SFRS(I) 1- 1	Presentation of Financial Statements-amendment relating to Non-current Liabilities with Covenants	1 Jan 2024
SFRS(I) 1-7 and 7	Supplier Finance Arrangements (amendment)	1 Jan 2024
SFRS(I) 1-21	The Effects of Changes in Foreign Exchange Rates (amendment) Lack of Exchangeability	1 Jan 2025
SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	To be determined

# INFORMATION ON SHAREHOLDINGS

AS AT 15 MARCH 2024

Issued and fully paid share capital	: SGD6,605,611.78
Number of shares	: 164,531,172
Class of shares	: Ordinary shares
Voting rights	: One vote per share

## Distribution of shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholders
1 – 99	36	2.72	1,535	0.00
100 – 1,000	129	9.74	61,788	0.04
1,001 – 10,000	421	31.77	2,572,433	1.56
10,001 – 1,000,000	724	54.64	42,344,224	25.74
1,000,001 and above	15	1.13	119,551,192	72.66
<b>Total</b>	<b>1,325</b>	<b>100.00</b>	<b>164,531,172</b>	<b>100.00</b>

## Shareholding held by the public

Based on the information available to the Company as at 15 March 2024, approximately 41% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

## Substantial shareholders

Names of shareholders	Direct interest		Deemed interest	
	No. of shares	% of shares	No. of shares	% of shares
Dr Ho Leng Woon <sup>1</sup>	61,406,250	37.32	17,531,250	10.66
Lau Woon Chan <sup>1</sup>	17,531,250	10.66	61,406,250	37.32
Ho Chee Hon	11,468,937	6.97	–	–

Note:-

1) Dr Ho Leng Woon is the husband of Mdm Lau Woon Chan. They are deemed to be interested in the shares held by each other.

# INFORMATION ON SHAREHOLDINGS

AS AT 15 MARCH 2024

## AP OIL INTERNATIONAL LIMITED Twenty Largest Shareholders as at 15 March 2024

	<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>% of Shareholdings</b>
1	HO LENG WOON	61,406,250	37.32
2	LAU WOON CHAN	17,531,250	10.66
3	HO CHEE HON (HE QIHONG)	11,468,937	6.97
4	DBS NOMINEES PTE LTD	5,322,113	3.23
5	NEO BENG BENG	3,222,000	1.96
6	HO AYE ENG	3,154,275	1.92
7	LAU TONG HONG	3,095,400	1.88
8	RAFFLES NOMINEES (PTE) LIMITED	2,660,737	1.62
9	ONG LAY CHOO (WANG LIZHU)	2,309,000	1.40
10	PHILLIP SECURITIES PTE LTD	2,005,630	1.22
11	GU JIAN LIN	1,722,400	1.05
12	ONG KIAN KOK	1,540,700	0.94
13	HAN SEE KWANG	1,531,800	0.93
14	ABN AMRO CLEARING BANK N.V.	1,295,700	0.79
15	NG ZHENG XIONG	1,285,000	0.78
16	CHEE KWAI FUN (ZHU GUIFEN)	1,000,000	0.61
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	944,538	0.57
18	ANG HAO YAO (HONG HAOYAO)	888,800	0.54
19	HAN CHOON SIANG	862,000	0.52
20	MAYBANK SECURITIES PTE. LTD.	762,915	0.46
	<b>TOTAL</b>	<b>124,009,445</b>	<b>75.37</b>



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2024 Annual General Meeting of the members of the Company will be held at 18, Pioneer Sector 1, Jurong, Singapore 628428 on 26 April 2024 at 2.00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

*All capitalised terms used which are not defined herein shall unless the context otherwise requires have the same meanings ascribed to them in Appendix I and Appendix II to this Notice (including supplements and modifications thereto).*

## AS ORDINARY BUSINESS

- |    |   |              |
|----|---|--------------|
| 1. | To receive and consider the Directors' Statements and Audited Financial Statements of the Company for the year ended 31 December 2023 and the Auditors' Report thereon. | Resolution 1 |
| 2. | To declare a final exempt (one-tier) dividend of 0.50 cent per ordinary share for the year ended 31 December 2023.  | Resolution 2 |
| 3. | To re-elect Mr Wan Kum Tho, retiring pursuant to the Company's Constitution and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").     | Resolution 3 |

*Mr Wan Kum Tho shall, upon re-election as Director of the Company, remain as Member of the Audit Committee, Chairman of the Nominating Committee and Chairman of the Remuneration Committee. Mr Wan Kum Tho shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.*

- |    |   |              |
|----|---|--------------|
| 4. | To re-elect Mr Mah How Soon (Ma Haoshun), retiring pursuant to the Company's Constitution and the Listing Manual of the SGX-ST. | Resolution 4 |
|----|---|--------------|

*Mr Mah How Soon (Ma Haoshun) shall, upon re-election as Director of the Company, remain as Chairman of the Audit Committee, Member of the Nominating Committee and Member of the Remuneration Committee. Mr Mah How Soon (Ma Haoshun) shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.*

- |    |   |              |
|----|---|--------------|
| 5. | To approve the Directors' Fees of SGD90,000/- for the year ending 31 December 2024, payable half-yearly in arrears.                             | Resolution 5 |
| 6. | To re-appoint Messrs RSM SG Assurance LLP as the Auditors for the year and to authorise the Directors of the Company to fix their remuneration. | Resolution 6 |

# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Special and Ordinary Resolutions, with or without amendments:

### 7. Proposed Share Issue Mandate

Resolution 7

"That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "Companies Act") and the Listing Manual of the SGX-ST, the Directors of the Company be authorized and empowered to:

- (a) (i) allot and issue shares in 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) options, 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 of the Company 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 of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;

# NOTICE OF ANNUAL GENERAL MEETING

- (b) new shares arising from exercising share options or vesting of share awards, provided that such share options or share awards were granted in compliance with Part VIII of Chapter 8 of Listing Manual of the SGX-ST; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) 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; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

**See Explanatory Note (i)**

## SPECIAL RESOLUTION

### 8. Proposed Adoption of the New Constitution of the Company

Resolution 8

THAT:

- (i) the regulations contained in the New Constitution of the Company, as set out in Appendix I to this Notice, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the Existing Constitution comprising the Memorandum and Articles of Association of the Company; and
- (ii) the Directors of the Company and/or any of them be and are hereby authorised and empowered to complete and do all such acts and things, and to approve, modify, ratify and execute such documents, acts and things as they and/or he may consider necessary, desirable or expedient to give effect to the abovementioned resolution.

**See Explanatory Note (ii)**

# NOTICE OF ANNUAL GENERAL MEETING

## ORDINARY RESOLUTION

### 9. Proposed Adoption of the Share Buyback Mandate

Resolution 9

THAT:

(i) for the purposes of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the **Maximum Holdings** (as defined below), at such price(s) as may be determined by the Directors from time to time up to the **Maximum Price** (as defined below), whether by way of:

- (a) on-market purchases (the "**On-Market Purchases**") effected on the SGX-ST, through one or more duly licensed stockbrokers appointed by the Company for the purpose effected on the SGX-ST, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases (the "**Off-Market Purchases**"), if effected otherwise than on the SGX-ST, in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit which scheme(s) shall satisfy all the conditions prescribed by Companies Act,

and otherwise in accordance with all laws, regulations and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**", as set out in Appendix II to this Notice);

(ii) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this resolution relating to the Share Buyback Mandate and expiring on:

- (a) the date on which the next annual general meeting of the Company is held or required by law or the Constitution to be held;
- (b) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting; or
- (c) the date on which the Share Buybacks are carried out to the full extent mandated,

whichever is the earliest;

# NOTICE OF ANNUAL GENERAL MEETING

(iii) in this resolution relating to the Share Buyback Mandate:

**"Average Closing Price"** means the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the On-Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the day on which the purchase was made;

**"day of the making of the offer"** means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which will not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

**"Market Day"** means a day on which the SGX-ST is open for trading of securities;

**"Maximum Holdings"** means that number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the resolution passed in relation to the Share Buyback Mandate; and

**"Maximum Price"** in relation to a Share to be purchased, means the maximum purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (a) in the case of an On-Market Purchase, 105% of the Average Closing Price of the Shares; and
  - (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares.
- (iv) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors of the Company; either be cancelled or held in treasury and dealt with in accordance with the Companies Act; and
- (v) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution relating to the Share Buyback Mandate.

## See Explanatory Note (iii)

10. To transact any other business which may be properly transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) The proposed Ordinary Resolution 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to allot and issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to ten per centum (10%) may be issued other than on a *pro-rata* basis to existing shareholders of the Company. For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.
- (ii) The proposed Special Resolution 8 above, if passed, will approve the adoption of the New Constitution in substitution for, and to the exclusion of, the Company's Existing Constitution. The New Constitution will replace the Existing Constitution and contains provisions that, *inter alia*, take into account the changes to the Companies Act introduced pursuant to the Companies (Amendment) Act 2014 of Singapore and the Companies (Amendment) Act 2017 of Singapore. The New Constitution further addresses the current personal data protection regime in Singapore and the enactment of the Mental Health (Care and Treatment) Act 2008 of Singapore, as well as contains updated regulations which are consistent with the prevailing Listing Manual. A summary of the principal provisions of the New Constitution which are significantly different from the equivalent provisions in the Existing Constitution, or which have been included in the New Constitution as new provisions, are set out in a letter to the members of the Company as enclosed hereto in Appendix I to this Notice ("**Appendix I**"). It should be read in conjunction with the New Constitution which is set out in its entirety in Attachment A to Appendix I. For the ease of reference of the members of the Company, Attachment B to Appendix I sets out a comparison of the New Constitution against the Existing Constitution, with all the additions underlined and all the deletions marked with a strike-throughs.
- (iii) The proposed Ordinary Resolution 9 above, if passed, will empower the Directors to purchase or otherwise acquire Shares on the terms of the Share Buyback Mandate as set out in the resolution and a further letter to the members of the Company in Appendix II to this Notice ("**Appendix II**"). Please refer to the said Appendix II for more details. The Company may use internal sources of funds or any appropriate external borrowings and/or funds from any new issues of equity to finance any purchases or acquisitions of Shares pursuant to the Share Buyback Mandate. Illustrative financial effects of the Share Buyback Mandate are set out in paragraph 2.6 of Appendix II.

## BY ORDER OF THE BOARD

### LAU TAI CHONG

Company Secretary

4 April 2024

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. A member of the Company (not being a relevant intermediary) is invited to attend physically, speak and vote at the Annual General Meeting ("AGM" or "Meeting"). **There will be no option for shareholders to participate virtually.** Printed copies of this notice of AGM ("Notice"), Appendix I and Appendix II to this Notice, the proxy form and the FY2023 Annual Report will be sent to Shareholders. The documents will also be made available to Shareholders via publication on the Company's corporate website (<http://www.apoil.com.sg>) and on the SGX website (<https://www.sgx.com/securities/company-announcements>).

2. **Arrangements for participation in the AGM physically:**

Members (including CPF Investment Scheme ("CPFIS") and Supplementary Retirement Scheme ("SRS") investors) may participate in the AGM by:

- (a) attending the AGM in person;
- (b) submitting questions to the Chairman of the AGM in advance of, or at, the AGM; and/or voting at the AGM
  - (i) themselves personally; or
  - (ii) through their duly appointed proxy(ies).

CPFIS and SRS investors who wish to appoint the Chairman of the AGM (and not third party proxy(ies)) as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes. *Please see item 6 below for details.*

In the event members encountered Covid-19 like symptoms prior to the AGM, members are strongly encouraged to exercise social responsibility to rest at home and consider appointing a proxy(ies) to attend the AGM. We encourage members to mask up when attending the AGM.

3. **Submission of Instrument Appointing a Proxy ("Proxy Form") to Vote:**

- (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the AGM. Where a member of the Company appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

Pursuant to Section 181 of the Companies Act 1967 of Singapore, a relevant intermediary is either:

- (i) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
- (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds in that capacity; or
- (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1953, in respect of shares purchased on behalf of CPF investors.

4. A proxy need not be a member of the Company.
5. A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory.

If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the Chairman of the Meeting will vote or abstain from voting at his discretion.

6. CPFIS/SRS investors who hold SGX shares through CPF Agent Banks/SRS Operators:
  - (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or
  - (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their CPF Agent Banks/SRS Operators to submit their votes at least (7) working days prior to the date of AGM (i.e. by 2.00 p.m. on 17 April 2024) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

# NOTICE OF ANNUAL GENERAL MEETING

7. The Proxy Form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be submitted to the Company in the following manner:

- (a) if by post, to the **Share Registrar of the Company**, Tricor Barbinder Share Registration Services, 9 Raffles Place, #26-01 Republic Plaza, Tower I, Singapore 048619; (Opening Hours is 9 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
- (b) if by post, to the **Registered Office** of the Company at 18, Pioneer Sector 1, Singapore 628428/if by email to the Company, to email address [interns1@apoil.com.sg](mailto:interns1@apoil.com.sg).

in either case, **not less than 48 hours before the time for holding the AGM by 2.00 p.m. on 24 April 2024** and at any adjournment thereof.

8. A Shareholder who wishes to submit an instrument of proxy by (a) and (b) must first download the proxy form, which is available on SGX website at the URL <https://www.sgx.com/securities/company-announcements>, complete and sign the proxy form, before submitting it by post to the addresses provided above, or scanning and sending it by email to the email address provided above.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 appointing a proxy or proxies (such as in the case where the appointor submits more than one instrument of proxy) and received after the cut-off at 2.00 p.m on 24 April 2024. In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to appoint the proxy or proxies.

10. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

11. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

12. **Submission of questions by members in advance of the AGM**

- (a) if by email to the Company, to email address [interns1@apoil.com.sg](mailto:interns1@apoil.com.sg), if by post, to be lodged at the Company's registered address at 18, Pioneer Sector 1, Singapore 628428. Shareholders must provide the Company with their particulars (comprising full name (for individuals)/company name (for corporate), email address, contact number, NRIC/passport number/company registration number, shareholding type and number of shares held); and submit their questions using the question form provided in this Annual Report.
- (b) The Company will address the substantial questions from Shareholders at the AGM and upload the Company's responses on the SGX website.
- (c) The minutes of the AGM, including responses to substantial queries from the Shareholders, shall thereafter be published on SGX website, within one (1) month from the conclusion of the AGM.
- (d) Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, can submit their questions in relation to any resolution set out in the Notice of AGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents, including CPF Agent Banks and SRS Operators, as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

**ALL QUESTIONS MUST BE SUBMITTED BY 2.00 P.M. ON 17 APRIL 2024 TO THE COMPANY.**

13. Important reminder. Any changes to the manner of conducting the AGM will be announced by the Company on SGXNet. Members are advised to check SGXNet regularly for any further updates.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



# AP OIL INTERNATIONAL LIMITED

REGISTRATION NO. 197502257M  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

## QUESTION FORM

**Event** : 2024 Annual General Meeting ("AGM")  
**Date** : 26 April 2024 (Friday)  
**Time** : 2.00 p.m.

**Shareholders who wish to ask a question relating to the resolutions to be tabled at the AGM must complete and submit this question form to the Company by 2.00 p.m. on 17 April 2024. See Note (i)**

**Please complete all fields below. Incomplete or improperly completed forms will not be processed.**

Full Name: \_\_\_\_\_ (as per CDP/CPF/SRS record)

NRIC/FIN/Passport Number: \_\_\_\_\_ Company Registration: \_\_\_\_\_

Email Address: \_\_\_\_\_

APOIL shares are held through which: CDP/CPF/SRS (*delete as applicable*)

**Question/s for the Board of Directors and Management:**

- *Must relate to the resolutions to be tabled at the AGM.*
- *Please refer to the Notice of AGM for the resolution number to be indicated below.*

Question 1: In relation to AGM Resolution No. \_\_\_\_\_ (indicate relevant resolution number)

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Question 2: In relation to AGM Resolution No. \_\_\_\_\_ (indicate relevant resolution number)

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Question 3: In relation to AGM Resolution No. \_\_\_\_\_ (indicate relevant resolution number)

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\* *delete as applicable*

Dated this \_\_\_\_\_ day of April 2024

\_\_\_\_\_  
*Signature of Shareholder(s), or Common Seal of Corporate Shareholder*

**Note:**

(i) *If by email, to email address interns1@apoil.com.sg, if by post, to be sent to the Company's address at 18, Pioneer Sector 1, Singapore 628428.*



# SUSTAINABILITY REPORT

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# SUSTAINABILITY REPORT



## ABOUT THIS REPORT

This is AP Oil International Limited ("APOIL" or "Group") Sustainability Report, to present our Environmental, Social and Governance ("ESG") performance for the period 1 January 2021 to 31 December 2023.

This report covers APOIL's ESG performance for business operations in Singapore and excludes overseas subsidiaries. Sustainability data included in the report pertains to three major subsidiaries namely AP Oil Pte Ltd, A.I.M. Chemical Industries Pte Ltd, and GB Chemicals Pte Ltd ("Major Subsidiaries"). These three companies contribute largely to the Group turnover operations and profitability.

### Reporting Framework

This report has been prepared in accordance with the GRI Universal Standards 2021, a widely used framework for sustainability reporting worldwide. The report complies with the SGX-ST Listing Rules (711A and 711B) and the SGX Sustainability Reporting Guide. The report includes the GRI Index and Task Force for Climate Related Financial Disclosures ("TCFD") Index to indicate the location of the relevant disclosures and includes climate-related disclosures, in accordance with the Group's operations and related to TCFD recommendations. We have used the GHG Protocol Corporate Accounting and Reporting Standard for measuring and reporting carbon emissions.

### Reporting Process

The Board provides direction to the Management in developing a sustainability strategy and report, and determines the ESG factors, climate-related risks and opportunities, and disclosure in the Sustainability Report. The Board is assisted by the Sustainability Committee ("Committee"), headed by the Group Chief Executive Officer and includes senior executives from APOIL and Major Subsidiaries. The Committee is responsible for content, scope and boundary for sustainability reporting and issues noted. The Major Subsidiaries have collected, verified and provided the ESG performance data for the Sustainability Report.

### Report Content and Quality

The report includes the materiality assessment for the ESG factors and the stakeholder's expectation. Potential ESG risks, opportunities and general sustainability trend have been taken into account. We have applied the principles of accuracy, clarity, comparability, reliability and timeliness to ensure report quality. Data contained in the report have been extracted from internal systems and records. Commonly used international measurement units have been used for presenting the information. Financial figures are in Singapore dollars.

### Assurance

Internal verification mechanism was used to ensure the accuracy of reported information. Our ESG performance data is reported in good faith and to the best of our knowledge. The internal auditor, Baker Tilly has conducted an internal review of sustainability reporting processes and data in this Sustainability Report. External assurance has not been sought for this report.

### Feedback

We welcome stakeholders' comment and question regarding the content of this report, email to [enquiry@apoil.com.sg](mailto:enquiry@apoil.com.sg).

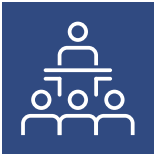
# SUSTAINABILITY REPORT

ESG PERFORMANCE			
MATERIAL FACTORS	2021	2022	2023
<b>Priority</b>			
Fatal accidents (Target: Zero)	Zero	Zero	<b>Zero</b>
Chemical spill incident (Target: Zero)	Zero	Zero	<b>Zero</b>
Age diversity (%)			
• < 30 years	18	15	<b>14</b>
• 30 to 50 years	47	53	<b>53</b>
• > 50 years	35	32	<b>37</b>
Employee turnover rate (%)	33	23	<b>16</b>
Electricity used (kWh) <sup>2</sup>	491,795	481,435	<b>485,989</b>
<b>Environmental</b>			
CO <sub>2</sub> emissions (t)	320	322	<b>293</b>
Water consumption (m <sup>3</sup> )	13,673	13,786	<b>11,984</b>
Wastewater (tonne)	1	1	<b>1</b>
Hazardous waste (Kg)	79,108	95,140	<b>80,600</b>
<b>Employees</b>			
Permanent employees	98	103	<b>104</b>
New hires	17	27	<b>17</b>
Female employees – %	34	33	<b>32</b>
Female Managers and Supervisors – %	14	13	<b>12</b>
Female Heads of Department (HODs) – %	36	31	<b>33</b>
<b>Financial (\$'000)</b>			
Revenue	55,614	61,111	<b>46,217</b>
Profit net of tax	2,741	1,098	<b>523</b>
Employee wages and benefits	7,122	7,001	<b>7,280</b>
Dividends to shareholders	823	1,645	<b>823</b>

**Notes:**

- ESG performance data relates to the Major Subsidiaries.
- 2023 electricity used 485,989 kWh includes usage of renewable energy 67,644kWh (2022: Nil, 2021: Nil).

# SUSTAINABILITY REPORT



## STAKEHOLDER ENGAGEMENT

*We consider ongoing stakeholder engagement an important activity to develop effective management strategies and pursue sustainable business practices.*

Our approach to stakeholder engagement is to ensure that we have a good understanding of the key stakeholder concerns and expectation to develop practical business and sustainability strategies. We identify and prioritise based on the potential impact of our business on stakeholders or potential to affect our business through their views and action.

Our ongoing interaction and engagement with our customers, employees, regulators, suppliers, investors, and communities provide necessary insights to our materiality assessment in determining the most material ESG factors for sustainability reporting. We have attempted to address our stakeholders' expectations and concerns by including relevant material topics and disclosures throughout this Sustainability Report.

A summary of our stakeholder engagement across the Major Subsidiaries is presented below.

Stakeholders	Engagement methods	Key topics and concerns	How we meet expectations
<b>Customers</b> 	Regular meetings and visits, marketing activities, website, purchase agreements and ongoing telecommunication.	Provide high-quality products and reliable service, competitive prices, on-time delivery, compliant products, and protection of intellectual property.	Proactive customer service policy, stringent quality control processes, ensuring relevant international product certifications, compliance with applicable regulations, and securing necessary certification from Original Equipment Manufacturers.
<b>Employees</b> 	Regular team meetings, training workshops, standard operating procedures ("SOPs"), performance appraisals, emails and company events.	Stable employment, safe and conducive work environment, rewards and recognition for performance, personal development, and employment benefits.	Fair and transparent human resource policies, regular training, performance indicator incentives, performance appraisal and rewards.
<b>Suppliers and vendors</b> 	Regular meetings and visits, audits, request for quotation and purchase orders.	Fair payment terms, reasonable lead time, reasonable price and business growth.	Provide clear specification, prompt payment and fair payment term.

# SUSTAINABILITY REPORT

Stakeholders	Engagement methods	Key topics and concerns	How we meet expectations
<b>Government and regulators</b> 	<p>Newsletter, notification, email, website, licensing and permits.</p> <p>Regular discussion with relevant agency, meeting with auditor/inspector, email, telecommunication and Sustainability Report.</p>	<p>Regulatory compliance with environmental, safety and health regulation, employment law and other applicable law.</p> <p>Cooperation during audit, inspection and when information is sought.</p>	<p>Implementing policy and procedure to comply with regulation, and keeping updated with latest regulation.</p>
<b>Community</b> 	<p>Community initiative, website, and Sustainability Report.</p>	<p>Responsible company, good corporate citizen and offer employment opportunities.</p>	<p>Ensuring safe manufacturing and distribution operation, and ISO 14001:2015 certification for environmental protection and ISO 45001:2018 certification for health and safety.</p>
<b>Shareholders and investors</b> 	<p>Annual General Meeting, Board meeting, annual report and update on website.</p>	<p>Corporate governance, timely communication and update, financial performance, profit and dividend.</p>	<p>Good corporate governance, competent management team, annual reports, timely update and disclosure through the Singapore Exchange.</p>

## Membership of Associations

We actively engage and network with various trade associations through memberships.

Some of our important memberships by our Group companies include the following:

- Singapore Business Federation;
- Food & Beverage Management Association;
- Restaurant Association of Singapore;
- Singapore Chef's Association;
- Association of Catering Professionals Singapore; and
- Asian Lubricants Industry Association

# SUSTAINABILITY REPORT



## SUSTAINABILITY STRATEGY

*Our sustainability strategy is to create value for society including our customers, employees, the environment, communities and shareholders.*

Our approach is rooted in APOIL corporate culture that promotes diligence, sincerity, loyalty and harmony. As the leading lubricants and specialty chemicals manufacturer and supplier, we have adopted international standards in the environmental, occupational health and safety, and product quality management. Our facilities have obtained ISO 14001 and ISO 45001 certifications that reflect commitment to protecting the environment and ensuring health and safety of our people.

We have conducted a comprehensive review of our sustainability approach, carried out a materiality assessment to reassess the environmental, social and economic impact, risks and opportunities. The focus is on the significant impact of respective business on the economy, environment and communities and how these impact shape stakeholders' views on the companies.

APOIL considered corporate values and long-term business goals, prioritised the most important topics based on their potential impact, risks and opportunities and the potential effect on the stakeholders.

### **Board Statement**

AP Oil is committed to carry out its business activities in a socially and environmentally responsible manner. The Group is committed to deliver world-class quality products and services to meet customers' ever-changing requirements.

The Board has considered sustainability issues in strategy formulation. The Board has determined and endorsed the material ESG factors included in this report. The Board also provides oversight of Management; and monitoring of the material ESG factors, identified by the Committee, through periodic review of the sustainability performance.

# SUSTAINABILITY REPORT

## Material ESG Factors

A summary of the material ESG factors in the Major Subsidiaries and the extent of involvement is presented below.

Material ESG Topics	Group Involvement
<b>ENVIRONMENT</b>	
Energy	Direct
GHG emissions and Climate Related	Direct
Waste	Direct
Water	Direct
Wastewater	Direct
Environmental Compliance	Direct
<b>PEOPLE</b>	
Employment	Direct
Attracting and Retaining Talent	Direct
Diversity	Direct
Employee Training and Development	Direct
Occupational Health and Safety	Direct
<b>CUSTOMERS</b>	
Customer Health and Product Safety	Direct
Marketing and Labelling	Direct
<b>COMMUNITY</b>	
Local Communities	Direct
<b>ECONOMIC PERFORMANCE</b>	
Economic Performance	Direct & Indirect
Anti-corruption	Direct
Socio-economic Compliance	Direct

## ESG Goals and Targets

With this Sustainability Report, we have mapped out the ESG performance data for the past three years. Our broad goal is to minimise the potential risk and impact of our business on the environment, people and communities. We have presented our sustainability goals in this report.



# SUSTAINABILITY REPORT

## Management Systems

We benchmark our sustainability management practices against international standards. Our commitment to quality, health and safety and environmental management is reflected in the certification received by the Group. Some of the important certification includes:

- ISO 9001:2015;
- ISO 14001:2015;
- ISO 45001:2018; and
- bizSAFE Level Star

## Sustainability Governance

Sustainability is governed at the Board level of APOIL. The Board guides the management on addressing critical environmental, social and governance issues.

The Board is assisted by the Sustainability Committee headed by the Group Chief Executive Officer. The Committee includes representatives from the main business units and functions. A cross-functional team has the responsibility to implement the Sustainability Policies as described in this report, collecting and verifying performance data for the material ESG factors. A project coordinator assists the Group Chief Executive Officer in steering the process for Sustainability Report.

## ENVIRONMENT

*Our approach is to minimise the potential environmental impact, risk and hazard associated with our operations.*



As a leading lubricant and specialty chemicals business, we recognise environmental management and resources conservation as integral to our business. Our environmental policy is to ensure continual improvement in managing significant impact and to meet all environmental legislation that relate to the Company.

Our facilities are certified to the ISO 14001 Standards which provides a sound basis to build our environmental efforts. We are committed to demonstrating our continual improvement by reducing resources consumption, ecological risks and wastage.

Our periodic environmental review aims to identify material aspects, associated environmental impact, risks, hazards and opportunities with regard to the related operations. The process includes a comprehensive risk assessment covering air pollution and emission, water contamination, hazardous and non-hazardous waste, resource depletion, noise and odour, and potential hazards.

Our environmental efforts focus on energy, pollution and emissions, water, waste, chemical and oil spills. Based on the systematic review, we establish goals and targets for the most material environmental topics.

We regularly review our environmental performance to assess the effectiveness of our policies and programs. The environmental data presented in this report refers to the Singapore-based facilities of the Major Subsidiaries.

# SUSTAINABILITY REPORT

## Energy

We use electricity for lighting and operating plant equipment, fuel in our vehicles and forklifts. Our policy is to minimise energy consumption and to reduce our impact on the environment whilst striving to achieve operational cost efficiency.

When procuring, we consider the energy efficiency of equipment at the time of purchase. This focus transcends throughout the business to the micro level of using energy efficient light bulbs to minimise consumption.

Through ongoing awareness programmes, we encourage our employees to adopt energy conservation habits. The habits that we promote include turning off the equipment when not in use, regular maintenance of the machine, switching off lights before leaving meeting rooms and other work areas, setting the airconditioned temperature to a comfortable 23-25°C, and keeping the doors and windows of airconditioned rooms closed at all times.

We monitor our energy usage to identify opportunities for reduction.

## Greenhouse Gas (GHG) Emissions and Climate-Related

The Sustainability Committee reviewed the Group factory operations locally and assessed various climate related risks affecting the Group; and accordingly identified the related risks and opportunities as follows:

Climate-related risks and opportunities	Potential financial impact
<b>Technology</b>	
<ul style="list-style-type: none"> <li>Transition costs to lower emissions technology</li> </ul>	<ul style="list-style-type: none"> <li>Capital investments in technology development</li> <li>Costs to adopt/deploy new practices and processes</li> </ul>
<b>Market</b>	
<ul style="list-style-type: none"> <li>Increased cost of raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Increase production costs due to escalating input prices (eg. energy, water) and output related (eg. waste treatment)</li> </ul>
<b>Resource efficiency</b>	
<ul style="list-style-type: none"> <li>Use of energy efficient equipment</li> <li>Use of recycling</li> </ul>	<ul style="list-style-type: none"> <li>Reduced operating costs (eg. efficiency gains, energy cost reduction through solar panels)</li> </ul>
<b>Energy source</b>	
<ul style="list-style-type: none"> <li>Use of lower-emission source of energy</li> <li>Use of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Reduced operational costs, exposure to fossil fuel/natural gas price increase</li> </ul>

The Group taps on the advancement of technology by investing assets that produce or use renewable energy to reduce the GHG emission. Examples include installation of solar panels and use of electric forklifts. These investments will also reduce exposure to the fluctuation of non-renewable energy price.

These climate related risks identified shall be reviewed annually by the Sustainability Committee; and any changes or updates affecting the Group Operations shall be addressed and relevant action taken. These are integrated into the overall risk management framework of the Group, wherein Major Subsidiaries Management are responsible to closely monitor the climate-related trends and developments, and report the required action to address these changes to Group Management.

# SUSTAINABILITY REPORT

At this stage, the targets for climate related metrics are being reviewed, and shall be set to incorporate in subsequent Sustainability Reports.

To address the climate change impact the Group supports the Paris Agreement to mobilise global efforts for limiting the temperature rise to below 2°C from pre-industrial levels to mitigate the risks of climate change. We are committed to reduce the carbon footprint of our business activities.

The GHG emissions resulting from our operations can be attributed mainly to the use of electricity, diesel and petrol consumption. Our policy is to optimise the use of these energy sources to reduce our carbon footprint. As part of reducing the GHG emissions, the Group invested in a solar system with a capacity of 145.5 kWp to produce renewable energy.

We currently measure and monitor our carbon dioxide emissions under scope-1 and scope-2 as set out in the GHG Protocol. Our consumptions of diesel and petrol (Scope 1), the purchase of electricity (Scope 2); and the carbon emissions footprint are presented below:

	2021	2022	2023
Mobile (litres)	28,338	29,154	<b>30,791</b>
Stationary (litres)	15,849	15,246	<b>14,395</b>
<b>Scope 1</b>	<b>44,187</b>	<b>44,400</b>	<b>45,186</b>
Purchased Electricity (kWh)	491,795	481,435	<b>418,345</b>
<b>Scope 2</b>	<b>491,795</b>	<b>481,435</b>	<b>418,345</b>

Carbon Dioxide (CO <sub>2</sub> ) Emission (t)	2021	2022	2023
Mobile <sup>1</sup>	75	77	<b>81</b>
Stationary <sup>1</sup>	37	41	<b>38</b>
<b>Scope 1</b>	<b>112</b>	<b>118</b>	<b>119</b>
Purchased Electricity <sup>2</sup>	208	204	<b>174</b>
<b>Scope 2</b>	<b>208</b>	<b>204</b>	<b>174</b>
<b>Total</b>	<b>320</b>	<b>322</b>	<b>293</b>

**Notes:**

1. CO<sub>2</sub> emission for Scope 1 is calculated based on default emission factors and Global Warming Potential were sourced from 2006 IPCC Guidelines for National Greenhouse Gas Inventories and 2014 IPCC Fifth Assessment Report respectively.
2. CO<sub>2</sub> emission for Scope 2 is calculated based on grid emission factor published on Energy Market Authority website.

**Water**

We use water for cleaning the vessels and general washing. Our approach is to conserve water by minimizing the use and recycling or reusing when practical.

In Singapore, we buy water from the Public Utilities Board (PUB), the national agency responsible for ensuring a sustainable and efficient water supply.

# SUSTAINABILITY REPORT

We have implemented several water conservation measures. These measures include water-saving devices, recycling water in cooling systems, and minimizing use of water in washing. We ensure water pipes and valves are adequately maintained, and leaks are promptly repaired.

We have also implemented the necessary measures to prevent accidental contamination of water due to unintentional chemical and oil spills.

We measure and monitor our water usage to assess our performance together with other environmental metrics.

## **Wastewater**

Wastewater is generated in our chemicals manufacturing facilities as a result of washing or cleaning of vessels. We dispose wastewater through licensed contractors in accordance with the local regulations.

## **Waste Management**

Our policy is to reduce, reuse and recycle waste to minimise the impact on the environment as well as to improve our resource efficiency.

Waste generated in our facilities includes both hazardous and non-hazardous waste. The primary sources of hazardous waste from our operations include chemical waste such as cleaning solvents, additives, lubricants, oils, greases and paints, contaminated cleaning wipes, chemical containers, steel drums, plastic containers, batteries from forklift trucks, wooden pallets, carton boxes, packaging material and general office waste.

To reduce waste, we focus on minimizing wastage of production raw materials by ensuring that the final product specifications are correct.

We have implemented procedures for segregating waste by source of generation and by type. We store waste in designated and clearly marked areas. All hazardous waste is appropriately sealed or enclosed to prevent accidental spillage or contamination. We ensure safe disposal of waste by engaging licensed waste management contractors.

We recycle and reuse steel drums and plastic containers. Rejected drums and containers are returned to respective vendors for recycling or safe disposal. Wooden pallets are reused in our facilities as long as they are serviceable after which they are disposed as general waste. Waste carton boxes are reused for packaging or sent for recycling by contractors.

The data collection for the common hazardous waste that includes acid and alkaline are reviewed by the Managing Director of the Major Subsidiaries regularly.

## **Chemical Spill**

Handling of chemicals and oil involves risk of a spill that may cause water contamination and hazardous waste. Our target is zero spill on land or drainage, by taking preventive measures and ensuring emergency preparedness.

We place dispersants and spill control kits at designated points to manage accidental spills. The production and engineering department are responsible to ensure spill kits are always ready and accessible. We have implemented yearly chemical and oil spill drill to enable our people respond quickly and safely in the event of a spill, and to minimise the damage to the environmental. There was no incident of a spill in the reported period.

# SUSTAINABILITY REPORT

## Employee Awareness

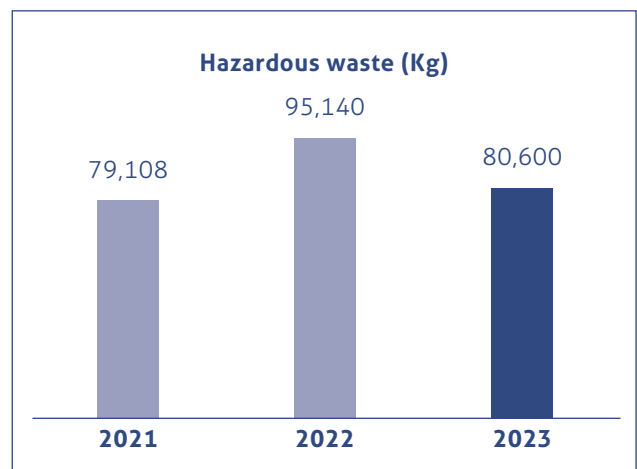
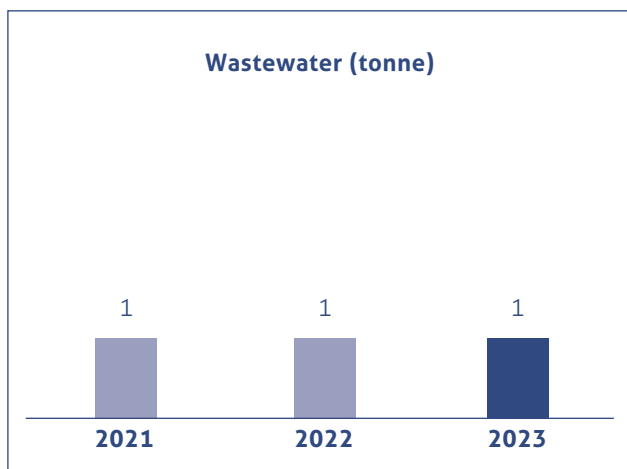
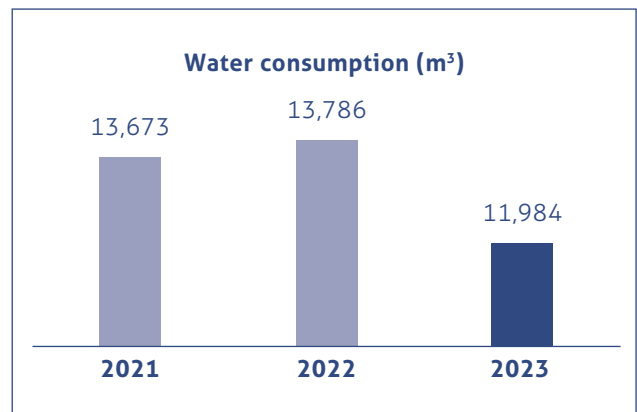
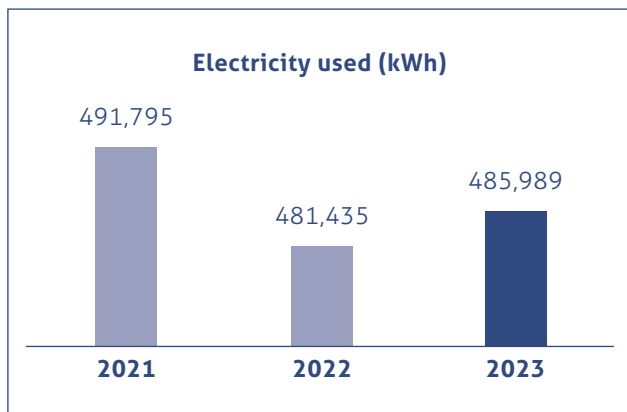
We believe employees play a crucial role in preventing and managing environmental risks. We have an ongoing employee education program to promote environmental awareness. The production and engineering departments periodically review work instruction and method to minimise hazards.

## Environmental Compliance

The Group is committed to complying with applicable environmental regulations as well as international standards which we subscribe. Our target is zero incident of non-compliance. Our production and engineering department has implemented a comprehensive environmental control program and regularly inspects the sites for potential pollution or impacts.

There was no incident of non-compliance with environmental laws in the reported period.

## Environmental Performance



# SUSTAINABILITY REPORT



## PEOPLE

*We are committed to developing human capital by attracting and retaining passionate talent and building a culture of learning, diligence, sincerity, harmony and teamwork.*

Our people play a crucial role in building our ability to deliver world-class products and services to our customers. Our policies are designed to attract, retain and develop passionate and talented people.

Diligence, devotion, loyalty, harmony and teamwork are part of our corporate values. These values have enabled APOIL to overcome challenges and to grow in the past decades and emerge as one of the leading lubricant and specialty chemical specialists in the Asia Pacific.

Our most significant workplace topics include occupational health and safety, diversity, employee development, performance management and well-being of our employees. We regularly review the effectiveness of our human resource policies.

The employee data provided in this report covers the Singapore operations of the Major Subsidiaries.

### Employment

As at 31 December 2023, we employed 104 people in Singapore, was 103 in the prior year. Production, clerical and other non-executive jobs accounted for 46% of our workforce.

### Diversity

We believe workplace diversity enrich our decision making and enable us to serve diverse markets and customers more effectively. We seek to build and promote a diverse and professional talent pool. Our human resource policies support an equal opportunity for all based on merit. Our workforce includes different nationality to make it culturally diverse.

In 2023, women represented 32% of our workforce even though it's challenging to attract women employees to work in chemicals manufacturing operation.

### Hiring

Our policy is to hire on merit and qualification. In 2023, we hired 17 new employees, 3 were women; 35% was below the 30 years age group; 53% in the 30 to 50 years age group and balance 12% was above 50 years of age.

### Training

Our policy is to encourage ongoing training to ensure our employees have required skills to serve our customers efficiently. We provide both in-house and external training opportunities to our employees. The average training hours per employee are presented below:

	2021	2022	2023
Training hours per employee (hours)			
• Male	2	4	<b>3</b>
• Female	2	4	<b>1</b>

# SUSTAINABILITY REPORT

	2021	2022	2023
Training hours per employee (hours)			
• Management	2	2	1
• Executive	2	8	3
• Non-Executive	2	3	2

### Employee Engagement & Benefits

We follow open door policy whereby employees have access to Management to discuss their concerns and ideas. We actively engage our people through their participation in the environmental health and safety (EHS) committee and ongoing safety briefing sessions and environmental awareness campaigns. Employees are also engaged through conventional means of communication such as internal memos, notice boards and emails. Our permanent staff members enjoy an array of benefits and competitive wages. New employees attend orientations job training as part of transition program.

### Performance Management

We drive performance by promoting teamwork, encouraging open communication, and providing regular feedback. We periodically assess the performance and skills of our employees to ensure suitable rewards, promotions and personal development.

We have implemented a performance management system across the Group that covers all permanent employees. Employees participate in twice a year performance appraisal to assess and discuss their performance.

### Employee Turnover

Our policies are aimed at retaining talent. Our retention strategies include competitive benefits, attractive rewards for performance, opportunities for learning and growth and providing a respectful working environment. In 2023, total employee turnover was 16, 38% was below the 30 years age group; 44% in the 30 to 50 years age group and balance 18% was above 50 years of age. The employee departures in 2022 and 2023 at the Major Subsidiaries were:

	Employee Departure			
	2022	2022	2023	2023
	Male	Female	Male	Female
AP Oil	7	7	7	4
A.I.M. Chemical	Nil	Nil	Nil	Nil
GB Chemicals	6	4	5	Nil

### Health and Safety

Employee safety is a top priority for us. We are committed to providing a healthy and safe workplace for our people. Our occupational health and safety policy is to minimise the health and safety risks arising from our workplace. Our goal is zero injury in the workplace.

# SUSTAINABILITY REPORT

Our facilities maintain ISO 45001 certification reflecting our commitment to international standards of occupational health and safety. We have maintained BizSafe Star certification from the Workplace Safety and Health Council, Singapore. Senior management reviews our health and safety performance on a monthly basis.

Our Group have established Workplace Safety and Health (WSH) Committee in each Major Subsidiary, chaired by the respective managing director or chief executive officer, with representatives from various functions. The Committee meet regularly to review safety performance and develop improvement plans.

The work-related hazards that post a risk of high-consequence include work at height; operating delivery trucks, forklift and machineries; contact with hazardous chemical directly. From the comprehensive safety risk assessment, we have implemented measures to prevent injuries and accidents. Routine maintenance of machinery and equipment is an essential part of our safety management.

Our employees receive ongoing safety training and briefings. Employees in production are required to use appropriate personal protective equipment when carrying out various tasks.

We are working toward improving worksite design and removing risk factors that lead to musculoskeletal injuries and allowing for improved human performance and productivity.

There were no high consequences work-related injuries, fatal accidents and reportable incidents of occupational disease during the reported period.

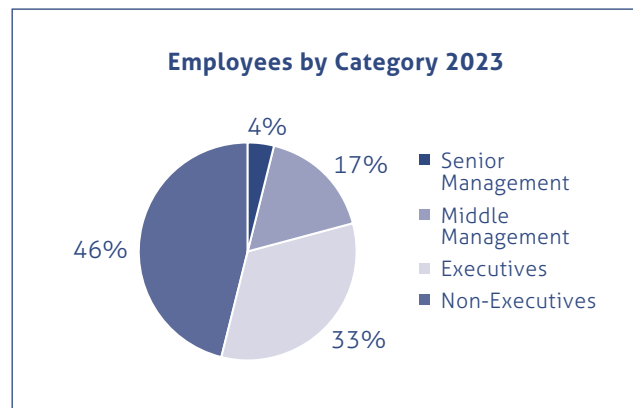
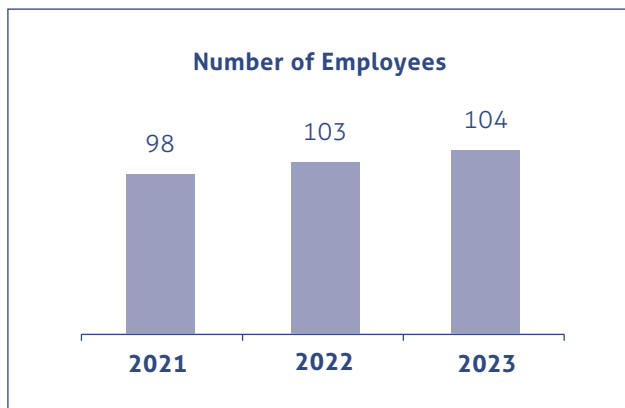
## Human Rights

We are committed to respecting the rights of our people as provided for in the national laws and internationally recognised principles. Our policies prohibit child labour, forced labour and discrimination. We respect our employees' right to freedom of association and collective bargaining. We do not have collective bargaining agreement with a union.

There was no incident of child labour, forced labour or discrimination in the reported period.

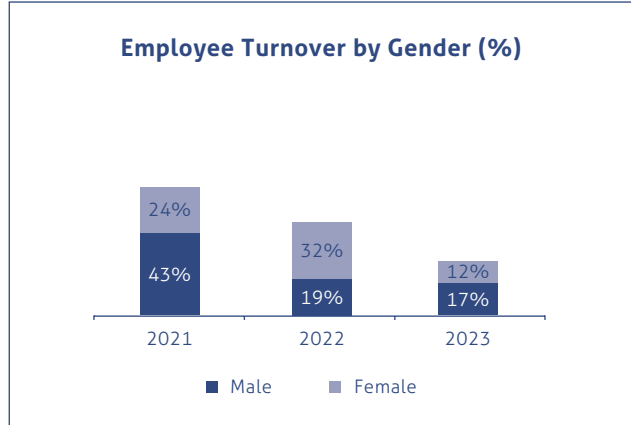
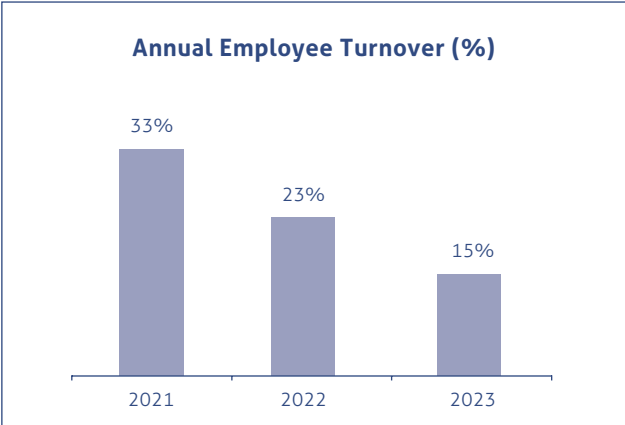
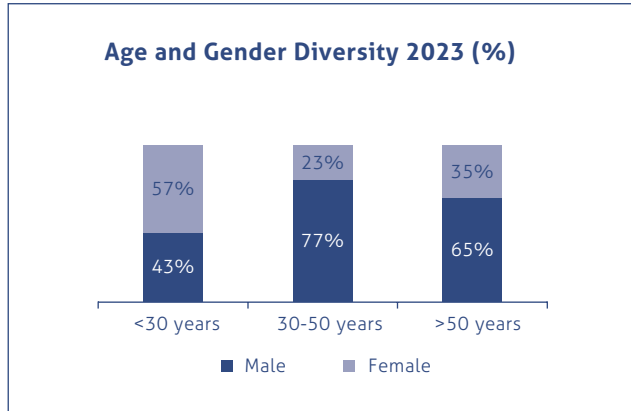
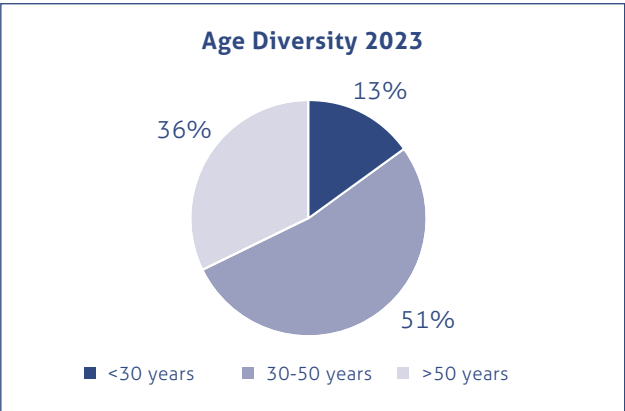
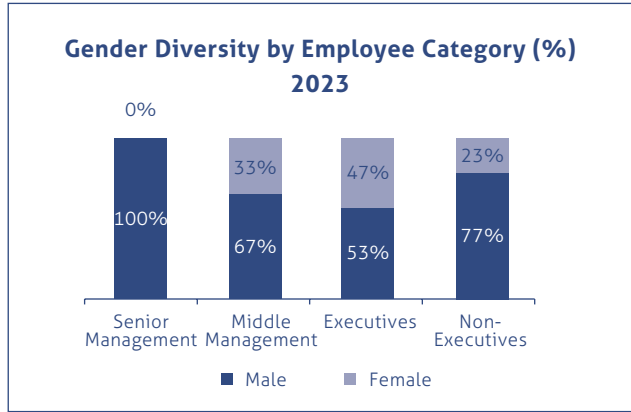
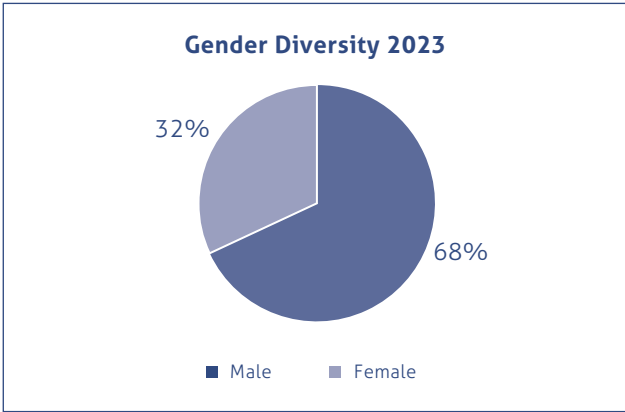
Our policy relating to human rights is available on our website at [www.apoil.com.sg](http://www.apoil.com.sg).

## People Performance





# SUSTAINABILITY REPORT



# SUSTAINABILITY REPORT



## CUSTOMERS

*We are committed to providing products and services of world-class quality to our customers.*

As a leading lubricants and specialty chemicals supplier in the Asia Pacific, we focus on strict quality management to meet and even exceed customers' expectation. Our organisation is certified to ISO 9001 standards to ensure consistent quality of our management processes.

There is a global trend of growing concerns on the safe use of chemicals, and the potential impact of chemicals manufacturing and transportation on health and safety of people and the environment. Ensuring product safety, the safety of our people and communities, and protecting the environment are top priorities of APOIL.

Our facilities are also certified to ISO 14001 and ISO 45001 to assure customers that our products are made in the environmentally responsible manner and by adhering to international safety standards. We adopt an integrated approach to quality, safety and environmental assurance to all our products and services to ensure consistency in performance.

Our AP products are formulated and quality controlled to meet standards and specifications of international institutions such as API, SAE, ISO, NLGI, DIN, JASO and ACEA.

We also obtained certification from major Original Equipment-Manufacturers, namely Volvo and MTU for some of our finished products.

Our laboratories are well equipped with advanced equipment capable of providing comprehensive technical assurance and services.

We regularly engage our customers through formal and informal methods to seek their feedback to improve our customer service.

Through training and conferences, we share knowledge and technical specification with our customers.

On request, we can provide MSDS, name, manufacturer, batch code and product specification for the products sold to the customers. Bulk of our products are classified as non-Dangerous goods. For assurance of product quality, we are ISO 9001:2015 certified.

There were no incidents of non-compliance concerning the health and safety of our products in 2023.

## Research and Development

We invest in research to develop innovative solutions for customers and to provide superior quality products. We have five laboratories, four in Singapore and one in Vietnam, for R&D and quality assurance. Two of our laboratories are equipped with Inductively Coupled Plasma Atomic Emission Spectrometers for the analysis of metal elements to enhance research and development capability.

Our R&D team comprising qualified chemists and engineers focus on upgrading the quality of existing products, and formulate new products to meet the evolving market demand.

# SUSTAINABILITY REPORT

R&D activities concentrate on developing customised lubricants for specific customer needs and improving the operational efficiency and cost-effectiveness. Product innovation and upgrading in specialty chemicals are other areas of our applied research.

Our marketing and technical service teams work closely with customers to identify areas of improvement. The insights gained from customer engagement helps our R&D team to improve or design and formulate new products to meet customers' unique requirements.

## Suppliers

We work closely with our suppliers to ensure quality and timely delivery. Our significant purchases mainly include raw materials and packaging materials.



## COMMUNITY

AP Oil is committed to be a responsible corporate citizen, to minimise the impact of our business operations on the community and the environment. We ensure our manufacturing plants adhere to strict environmental health and safety standards to protect our employees and the neighbouring communities.

The Group has zero tolerance for corruption; adopt fair employee grievance handling; and administer employee disciplinary action in compliance with Ministry of Manpower guidelines.



## ECONOMIC PERFORMANCE

*We are committed to creating long-term sustainable value for our shareholders and stakeholders.*

Our detailed financial performance is provided in the Annual Report under the financial statements. A summary of our economic performance, extracted from our financial statements, is provided below in line with the GRI Standards.

ECONOMIC PERFORMANCE INDICATORS (\$'000)			
	2021	2022	2023
Revenue	55,614	61,111	<b>46,217</b>
Profit After Tax	2,741	1,098	<b>523</b>
Employee benefits	7,122	7,001	<b>7,280</b>
Income tax expense	234	140	<b>139</b>
Dividends declared	1,645	823	<b>823</b>

## Anti-Corruption

We are committed to conducting our business by adhering to the highest standards of ethics and integrity and in compliance with applicable laws. We have a zero-tolerance policy toward corruption or bribery. Our policy prohibits offering or receiving any bribes in any form.

There were no incidents of corruption or bribery involving our Group in the reported period.

Our policy relating to anti-corruption is available on our website at [www.apoil.com.sg](http://www.apoil.com.sg).

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

<b>Statement of use</b>	AP Oil International Limited has reported the information cited in this GRI content index for the period 1 January 2021 to 31 December 2023 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure	Page Reference
<b>General Disclosures</b>		
<b>GRI 2: General Disclosures 2021</b>	<b>Organisational Profile</b>	
	2-1 Organisation details	AP Oil International Limited
	2-2 Entities included in the organisation's sustainability reporting	129
	2-3 Reporting period, frequency and contact point	Singapore
	2-4 Restatements of information	None
	2-5 External assurance	129
	<b>Activities and workers</b>	
	2-6 Activities, value chain and other business relationships	AR
	2-7 Employees	140-143
	2-8 Workers who are not employees	140
	<b>Governance</b>	
	2-9 Governance structure and composition	129
	2-10 Nomination and selection of the highest governance body	129
	2-11 Chair of the highest governance body	129
	2-12 Role of the highest governance body in overseeing the management of impacts	129
	2-13 Delegation of responsibility for managing impact	129
	2-14 Role of the highest governance body in sustainability reporting	129
	2-15 Conflicts of interest	129
	2-16 Communication of critical concerns	133-134
	2-17 Delegation of responsibility for managing impact	129
2-18 Evaluation of the performance of the highest governance body	129	

# SUSTAINABILITY REPORT

GRI Standard	Disclosure	Page Reference
<b>General Disclosures</b>		
<b>GRI 2: General Disclosures 2021</b>	<b>Governance</b>	
	2-19 Remuneration policies	129
	2-20 Process to determine remuneration	129
	2-21 Annual total compensation ratio	129
	<b>Strategy, policies and practices</b>	
	2-22 Statement on sustainable development strategy	133
	2-23 Policy commitments	133
	2-24 Embedding policy commitments	133, 135
	2-25 Processes to remediate negative impacts	133
	2-26 Mechanisms for seeking advice and raising concerns	133
	2-27 Compliance with laws and regulations	133, 135
	2-28 Memberships associations	132
	<b>Stakeholder engagement</b>	
	2-29 Approach to stakeholder engagement	131-132
	2-30 Collective bargaining agreements	142
<b>Material topics</b>		
GRI 3: Material topic 2021	3-1 Process to determine material topics	133
	3-2 List of material topics	134
<b>Economic performance</b>		
GRI 3: Material topics 2021	3-3 Management of material topics	134
<b>Energy</b>		
GRI 3: Material Topic 2021	3-3 Management of material topics	136
GRI 302: Energy	302-1 Energy consumption within the organisation	136-137
<b>Water</b>		
GRI 3: Material Topic 2021	3-3 Management of material topics	137-138
GRI 303: Water	303-4 Water discharge	137-139

# SUSTAINABILITY REPORT

GRI Standard	Disclosure	Page Reference
<b>Material topics</b>		
<b>Emissions</b>		
GRI 3: Material Topic 2021	3-3 Management of material topics	137
GRI 305: Emissions	305-1 Direct (scope 1) GHG emissions	137
	305-2 Energy indirect (Scope 2) GHG emissions	137
<b>Waste</b>		
GRI 3: Material Topic 2021	3-3 Management of material topics	138
GRI 306: Effluents and waste	306-1 Waste generation and waste-related impact	138-139
	306-2 Management of waste related impact	138
<b>Employment</b>		
GRI 3: Material Topic 2021	3-3 Management of material topics	140
GRI 401: Employment	401-1 New Employee hires and employee turnover	140-141
<b>Occupational health and safety</b>		
GRI 3: Material Topic 2021	3-1 Management of material topics	141-142
GRI 403: Occupational health and safety	403-1 Occupational health and safety management System	141-142
	403-9 Workers-related injuries	141-142
<b>Training and education</b>		
GRI 3: Material Topic 2021	3-3 Management of material topics	140-141
GRI 404: Training and education	404-1 Average hours of training per year per employee	140-141
	404-2 Programs for employee skills and transition assistance	140-141

# SUSTAINABILITY REPORT

GRI Standard	Disclosure	Page Reference
<b>Material topics</b>		
<b>Diversity and Equal Opportunity</b>		
GRI 3: Material Topic 2021	3-1 Management of material topics	143
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	143
<b>Local communities</b>		
GRI 3: Material Topic 2021	3-1 Management of material topics	145
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	145
<b>Customer Health and Safety</b>		
GRI 3: Material Topic 2021	3-1 Management of material topics	144
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of products and services categories	144
	416-2 Incidents of non-compliance concerning the health and safety of products and services	144

# SUSTAINABILITY REPORT

## TCFD CONTENT INDEX

TCFD Recommendation	Page Reference
<b>Governance</b>	
A) Describe the board's oversight of climate-related risks and opportunities.	129
B) Describe management's role in assessing and managing risks and opportunities.	136
<b>Strategy</b>	
A) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	136
B) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	136
C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	137
<b>Risk Management</b>	
A) Describe the organization's processes for identifying and assessing climate-related risks.	136
B) Describe the organization's processes for managing climate-related risks.	136
C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	136
<b>Metrics &amp; Targets</b>	
A) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	137
B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	137
C) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	137



# AP OIL INTERNATIONAL LIMITED

Registration No. 197502257M

## ANNUAL GENERAL MEETING PROXY FORM

### IMPORTANT:

1. The 2024 Annual General Meeting (the "AGM") will be held physically at the registered office of the Company. Members have no option to participate virtually. **There will be no option for shareholders to participate virtually.** The Notice of Meeting has been published on **4 April 2024** on the SGX website and the Company's website at <http://apoil.com.sg>.
2. For investors who have used their CPF monies and/or SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and/or SRS investors who wish to vote should contact their CPF and/or SRS Approved Nominees to submit their voting instructions **by 2.00 p.m. on 17 April 2024**.
3. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in this proxy form.
4. 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 Meeting.

I/We \_\_\_\_\_ NRIC/Passport No./Registration No. \_\_\_\_\_

of \_\_\_\_\_  
being a member(s) of **AP Oil International Limited** (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or\*

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing \*him/her, the Chairman of the AGM as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the Annual General Meeting to be held at 18, Pioneer Sector 1, Jurong, Singapore 628428 on **26 April 2024 at 2.00 p.m.** and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against, or abstain from voting the Special and Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specified directions as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the Annual General Meeting and at any adjournment thereof.

No.	Resolutions	For**	Against**	Abstain**
1	Adoption of the Statement by Directors and the Audited Financial Statements of the Company for the financial year ended 31 December 2023, together with the Auditor's Report thereon			
2	Declaration of a final exempt (one-tier) dividend of 0.50 cent per ordinary share for the year ended 31 December 2023			
3	Re-election of Mr Wan Kum Tho as a Director of the Company			
4	Re-election of Mr Mah How Soon (Ma Haoshun) as a Director of the Company			
5	Approval of the payment of Directors' fees of SGD90,000 for the financial year ending 31 December 2024, payable half-yearly in arrears			
6	Re-appointment of Messrs RSM SG Assurance LLP as the Auditors of the Company and authority to Directors of the Company to fix their remuneration			
7	Proposed Share Issue Mandate			
8	Proposed Adoption of the New Constitution of the Company			
9	Proposed Adoption of the Share Buyback Mandate			

### Notes:

\* Delete accordingly

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

\_\_\_\_\_  
Signature or Common Seal of shareholder

**IMPORTANT:** PLEASE READ NOTES OVERLEAF



## NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 815F of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Annual General Meeting. Where a member of the Company appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative.
3. Pursuant to Section 181 of the Companies Act 1967 of Singapore, any member of the Company who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the Annual General Meeting. A relevant intermediary is either:
  - (i) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
  - (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds in that capacity; or
  - (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1953, in respect of shares purchased on behalf of CPF investors.

An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

4. The instrument appointing a proxy or proxies, duly executed, must be submitted to the Company in the following manner:
  - (a) if by post, to the **Share Registrar of the Company, Tricor Barbinder Share Registration Services, 9 Raffles Place, #26-01 Republic Plaza, Tower I, Singapore 048619**; (Opening Hours is 9 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
  - (b) if by post, to the **registered office of the Company at 18 Pioneer Sector 1, Singapore 628428**/if by email to the Company, to email address **interns1@apoil.com.sg**

in either case, at least 48 hours before the time fixed for the Annual General Meeting, i.e. **2.00 p.m. on 24 April 2024**.

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 sending it by email to the email address provided above.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.
8. Completion and return of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the Annual General Meeting if he/she so wishes. The appointment of the proxy(ies) for the Annual General Meeting will be deemed to be revoked if the member attends the Annual General Meeting in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the Annual General Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

## Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated **4 April 2024**.

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# CORPORATE INFORMATION

## 集团资讯

### Company Secretaries

Mr Lau Tai Chong, BACC  
Mr Chang Kwok Wah, MBA

### Registered Office

18 Pioneer Sector 1  
Jurong  
Singapore 628428  
Telephone (65) 6861 5503  
Facsimile (65) 6861 9162  
Email: [enquiry@apoil.com.sg](mailto:enquiry@apoil.com.sg)  
Website: [www.apoil.com.sg](http://www.apoil.com.sg)

### Registrar

Tricor Barbinder Share Registration Services  
9 Raffles Place, #26-01  
Republic Plaza Tower 1  
Singapore 048619

### Auditors

RSM SG Assurance LLP  
Public Accountants and Chartered Accountants  
8 Wilkie Road  
#03-08 Wilkie Edge  
Singapore 228095

### Principal Bankers

DBS Bank  
12 Marina Boulevard  
DBS Central @ Marina Bay Financial Centre Tower 3  
Singapore 018982

Oversea-Chinese Banking Corporation Limited  
65 Chulia Street  
#11-00 OCBC Centre  
Singapore 049513



### **AP Oil International Limited**

18 Pioneer Sector 1, Jurong, Singapore 628428  
Telephone (65) 6861 5503      Facsimile (65) 6861 9162  
Email: [enquiry@apoil.com.sg](mailto:enquiry@apoil.com.sg)      Website: [www.apoil.com.sg](http://www.apoil.com.sg)

#### **AP Oil Pte Ltd**

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Website: [www.apoil.com.sg](http://www.apoil.com.sg)

#### **ALPHA Pacific Petroleum (S) Pte Ltd**

18, Pioneer Sector 1, Jurong  
Singapore 628428  
Telephone (65) 6862 2765  
Facsimile (65) 6861 0259  
Email: [enquiry@apoil.com.sg](mailto:enquiry@apoil.com.sg)  
Website: [www.apoil.com.sg](http://www.apoil.com.sg)

#### **A.I.M. Chemical Industries Pte Ltd**

19, Tractor Road, Jurong  
Singapore 627977  
Telephone (65) 6265 4700  
Facsimile (65) 6266 5082  
Email: [enquiry@aimchem.com.sg](mailto:enquiry@aimchem.com.sg)  
Website: [www.aimchem.com.sg](http://www.aimchem.com.sg)

#### **GB Chemicals Pte Ltd**

17C, Tuas Road,  
Singapore 637816  
Telephone (65) 6863 0220  
Facsimile (65) 6863 0200  
Email: [enquiry@gbchemicals.com.sg](mailto:enquiry@gbchemicals.com.sg)  
Website: [www.gbchemicals.com.sg](http://www.gbchemicals.com.sg)

#### **AP Oil Singapore (Shanghai) Limited**

Room 2102 East Tower,  
2218 Hunan Road,  
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Fax: 86 (021) 6101 0176

#### **AP Oil Singapore (Chongqing) Limited**

Room C1 16F Langgao  
Kaiyue Business Building  
No. 2 West Nanping Road  
Nanan District  
China 400060  
Tel: 86 (023) 6282 6687  
Fax: 86 (023) 6818 2339

#### **AP Saigon Petro JSC**

6B, Ton Duc Thang, District 1  
Ho Chi Minh City,  
Vietnam  
Telephone (84-8) 3822 4848  
Facsimile (84-8) 3824 3959  
Website: [www.apsaigonpetro.com](http://www.apsaigonpetro.com)