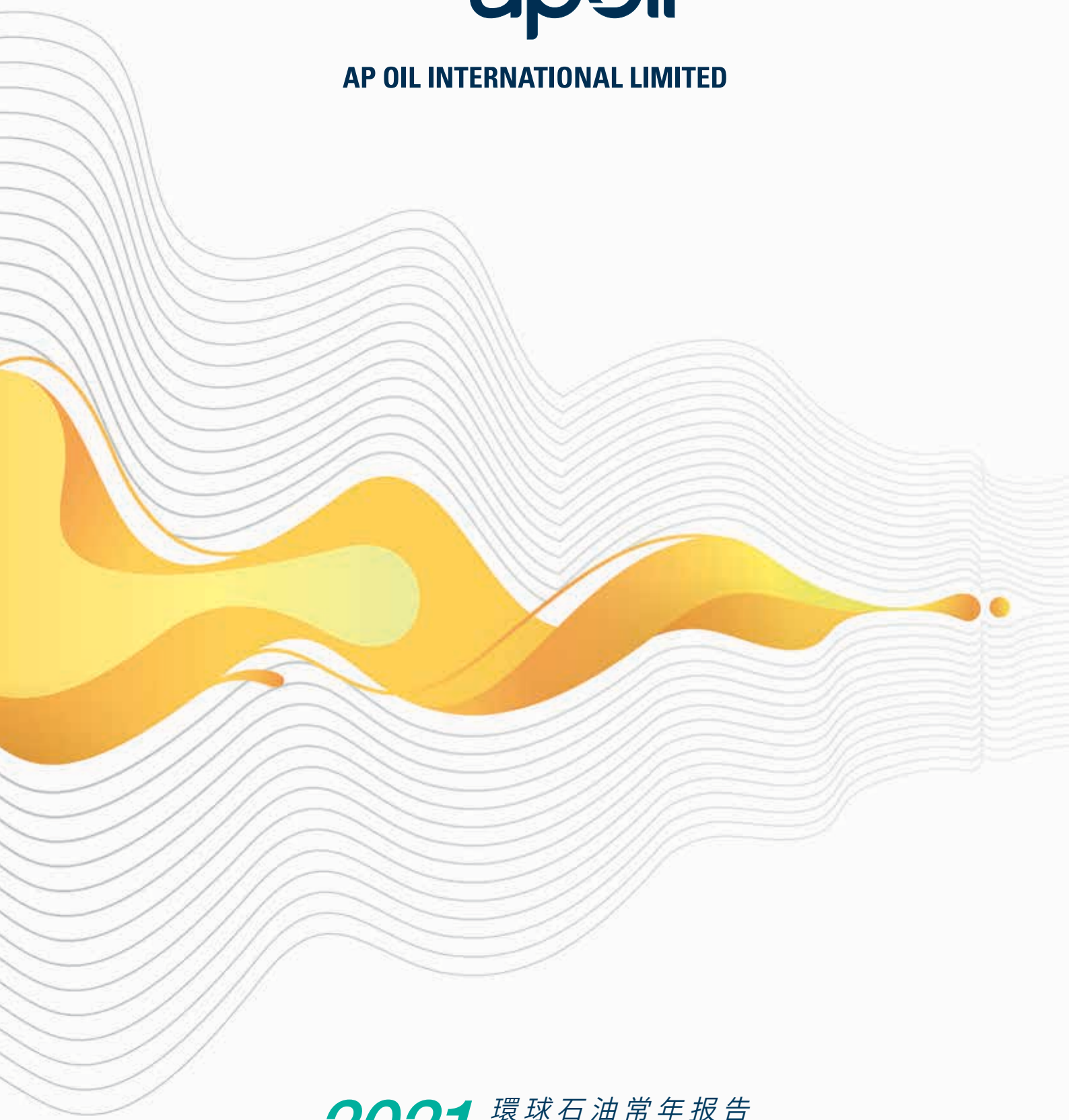




AP OIL INTERNATIONAL LIMITED



**2021** 環球石油常年報告  
**ANNUAL REPORT**

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## CORPORATE PROFILE

Established in 1975, AP Oil International Ltd ("AP Oil") is a public company, listed on 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 of Singapore. AP Oil makes world class lubricants that meet standards and specifications of international institutions and OEM requirements.

AP Oil is 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, Russia, the Middle East and ASEAN countries etc.

## VISION

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

## MISSION

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



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 resource and strength. 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



## THE POSSIBILITY OF PEOPLE

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

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

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。

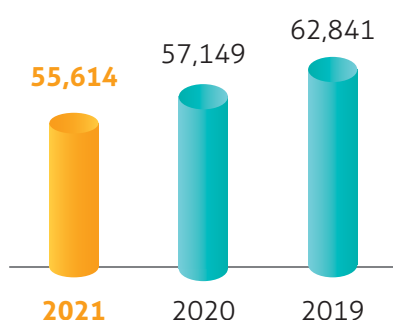
成立伊始，我们便悉心培植这一优良企业文化，时至今日，由上而下，已渗透到公司的各方面。

回望过去十年，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。

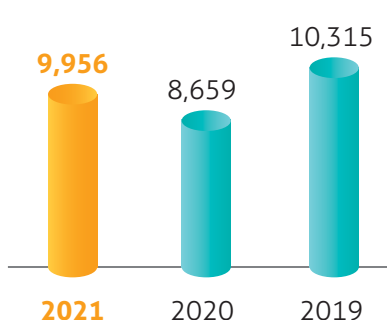
# GROUP FINANCIAL HIGHLIGHTS

## 集团财务摘要

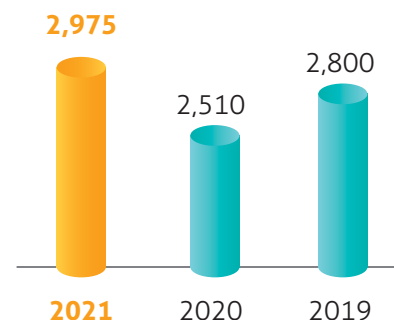
### REVENUE (S\$'000)



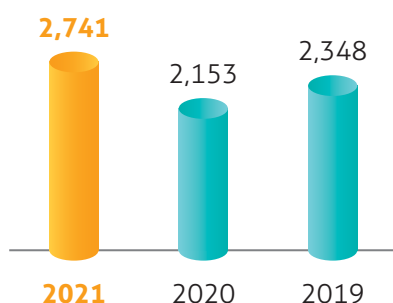
### GROSS PROFIT (S\$'000)



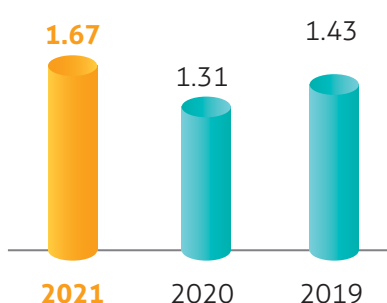
### PROFIT BEFORE TAX (S\$'000)



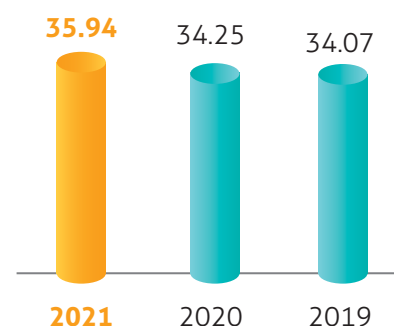
### NET PROFIT AFTER TAX (S\$'000)



### EARNINGS PER SHARE (cents)



### NET ASSET PER SHARE (cents)



	2021	2020	2019
Revenue (S\$'000)	55,614	57,149	62,841
Gross Profit (S\$'000)	9,956	8,659	10,315
Gross Margin (%)	17.9	15.2	16.4
Profit Before Tax (S\$'000)	2,975	2,510	2,800
Net Profit After Tax (S\$'000)	2,741	2,153	2,348
Net Margin (%)	4.9	3.8	3.7
Earnings Per Share (cents)	1.67	1.31	1.43
Net Asset Per Share (cents)	35.94	34.25	34.07
Ordinary Shares	164,531,172	164,531,172	164,531,172

# CHAIRMAN'S MESSAGE

## 主席献词

### Dear Shareholders,

The Covid-19 pandemic worsened in 2021, claiming cumulatively more than five million lives and battering economies globally. The situation in Singapore has been relatively well-controlled and the economy recovered moderately to growth of 7.5% in 2021 from contraction of 5.4% in 2020.

Total turnover of AP Oil Group in the financial year 2021 ("FY2021") decreased slightly by 3% from the previous year to S\$55,614,000. Full-year profit after tax, however, increased by 27% to S\$2,741,000.

In view of ongoing travel restrictions, we had to adopt remote management practice for our joint ventures and subsidiaries overseas in Ho Chi Minh City, Shanghai and Chongqing during the past two years. Despite the challenges, AP Saigon Petro JSC remained profitable and continued to distribute dividends.

Given the challenging macro-economic environment, namely confrontational politics between two of the largest economies of the world, regional geopolitical turmoil, as well as continual coronavirus strain mutations and fallouts, the outlook for 2022 remains murky and highly uncertain. Rising international raw material prices and severe manpower shortage in Singapore will also directly impact the Group's manufacturing activities.

In view of these, our corporate strategy for the next few years will be to focus on profitability through strengthening our existing market bases and selectively foray into niche markets. With funds accumulated over the years, we are in a strong position to continually seek new business opportunities and pursue our long-term development policy. The planning and executive oversight of the business policy and strategy of the Group is part of my responsibilities as Group Executive Chairman.

The succession plan of independent directors of the board has been completed. We are pleased to have two highly qualified and experienced professionals, Mr Mah How Soon and Mr Wan Kum Tho onboard. We would also like to express our gratitude to our former independent directors, Mr Tan Woon Hum and Mr Quah Ban Huat, for their invaluable contributions.

AP Oil Group is honored to receive the Most Transparent Company Award (Runner Up) from the Securities Investment Association of Singapore (SIAS). This is a significant recognition and encouragement for us to scale greater heights in terms of corporate governance and public relations to our shareholders and stakeholders.

The board of directors has proposed to increase the dividend from half a cent per ordinary share for the financial year 2020 ("FY2020") to one cent per ordinary share for FY2021 to thank our shareholders. I am grateful particularly to our loyal shareholders and friends for their continual support and concern throughout all these years.

My best wishes to all!



**Dr Ho Leng Woon**  
Chairman



# CHAIRMAN'S MESSAGE

## 主席献词

敬愛的各位股东：

全球冠病在 2021 变本加厉，累计夺走了五百四十万条生命，也重创了经济。新加坡的疫情相对控制较好，经济从 2020 年的负 5.4% 稍微恢复，取得 7.5% 的增长。

2021 财政年度 环球石油集团的 营业总额为 5,561 万新元，比上年微降 3%。不过全年税后盈利增加了 27% 报 274 万新元。

疫情下，集团在胡志明市、上海以及重庆的联营企业与子公司，我们已两年未能亲身前往，只能远程遥控。庆幸的是越南联营 AP SAIGON PETRO JVC 过去每年都有盈利并分发股息。

宏观全球经济大环境，中美两大国的对抗，地缘政治动荡，冠病毒株的变异，估计 2022 年的商业气候仍然是乌云密布，充满变数。国际市场原料价格上涨以及新加坡人力资源短缺也将直接影响集团的制造业活动。

应对接下来几年短期的挑战，集团公司将以巩固与适当扩充原有市场并聚焦盈利考量为策略。与此同时，利用我们多年积蓄的资金寻觅新商机，开拓特殊市场仍然是集团发展的长期方针。长期发展方向与策略的规划与执行监督也是我身为集团执行主席的日常工作之一。

董事部独立董事的更新工作已完成。两位资深且经验丰富的专业人士，马浩顺先生与尹金涛先生取代了服务九年的陈恩涵先生和柯万法先生。我们感激两位退任的独立董事对集团的多年贡献。

2021 年集团也很荣幸获得新加坡证券投资协会 (SIAS) 颁发的最透明公司奖 (亚军)。这将鼓励我们努力在公司管治以及股东和利益相关者在公关方面的工作做得更好。

董事部建议把 2021 年度的股息从上年度的每股新币半分调高到每股新币一分，在艰难年分酬感谢股东。我本人尤其对许多忠心的股东朋友们多年的支持与爱戴深深感激。

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,

If 2020 is to be described as the year that the tsunami struck, then 2021 is the year when the waters retreated and laid bare the economic damage that was done. Governments and corporations understandably made knee jerk reactions in response to an unprecedented global event and in 2021, the broad-based economic effects of some fiscal measures might come home to roost.

On a macro level, commodity prices have spiked, adding to our raw material costs. Container freight rates charged by shipping companies have risen by multiples, further affecting the competitiveness of our products in our export markets. Closer to home, the marine lubricants market has seen increased competition with manufacturers willing to defend or gain market share at the expense of gross profits. At the same time, a chronic lack of workers in Singapore, constricted our production output. The result was additional strain put on our existing colleagues and instances where we had to turn away some business and sometimes had machines lying idle without workers.

It is against this backdrop that we count ourselves blessed to record a modest increase in gross profit of S\$9,956,000 in FY2021 as compared to S\$8,659,000 in FY2020. From Management to the shop floor, the innate resilience of our colleagues that I alluded to in last year's message, revealed itself in good measure as the challenges arose. From the FY2021 results produced, we are thankful to be able to resume paying pre-Covid-19 bonus to our colleagues for their work in FY2021.

The first quarter of 2022 hint that many of the adverse conditions will persist into the year with the added uncertainty in the energy sector caused by the war in Ukraine. But in the face of these difficulties, we say, this too shall pass.

Over the years, we have built a healthy balance sheet with prudent and steady management and we will not be derailed in the plans we have to grow. The new filling and packing machinery are being built overseas and scheduled to be installed in our new premises in the 3<sup>rd</sup> quarter this year. The installation of new tanks and blending facilities will start in the 4<sup>th</sup> quarter once our vendors can reorganise their workforce. Business is being built in the pipeline in anticipation of the hardware arriving. There is much work to do and much to look forward to.

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 in person once circumstances allow.



**Mr Ho Chee Hon**  
Group CEO

# CEO'S MESSAGE

## 执行总裁献词

敬爱的各位股东，

如果把2020年看成是全球遭遇海啸袭击，那么2021年就是海水退去后留下的一片狼藉，全球经济损失不可估量。各国政府和企业面对这场前所未有的全球事件都做出了应对危机的本能反应，但有些措施的广泛经济影响未必尽如人意。

在宏观层面上，大宗商品价格飙升增加了原材料成本；航运集装箱运费已上涨数倍，这些都影响我们的产品在出口市场上的竞争力。在国内，船用润滑油市场的竞争日趋激烈，有厂商不惜牺牲利润来争占市场份额。与此同时，新加坡劳动力短缺很大程度上限制了我们的产能，人手不足，在职的同事都承受了额外的工作压力，我们安排好的生产计划很难执行，有时不得不放弃一些订单。

在这样艰难的经营环境下，我们有幸在2021财年实现了毛利润12%的增长，达到995万新元。从管理层到基层，不管面对什么样的挑战，每个人都能作出积极应对。我们很高兴能够在2021财年恢复疫情前的员工花红与奖金。

从2022年第一季度的情况来看，很多困扰全球的不利因素还将会持续，再加上受乌克兰战争的影响，整个能源行业充满变数。这些困难，我们必须面对同时也知道，这一切最终都会过去的。

多年来，我们的稳健谨慎的管理，为集团积蓄了丰厚的储备基金。我们确保未来的发展方向不会偏离轨道。为新车间购置的小灌装生产线设备计划在今年第三季度正式投产。另外，新的储罐和生产调合设施也会在今年第四季度开工建设。在新增硬件设备的同时，业务开拓也在紧锣密鼓的筹备中。我们以积极态度迎接更多的工作，也对业务发展充满期待。

最后，我谨代表环球石油的董事会与集团公司，向各位股东、商业伙伴、银行和供应商一直以来的坚定支持致以最真挚的感谢。

在条件允许的情况下，期待与各位见面，谢谢！



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 has 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 business planning, he also oversees R&D in AP Oil. Dr Ho is also Chairman of AP Saigon Petro Joint Stock Co Ltd, AP Oil Singapore (Shanghai) and AP Oil Singapore (Chongqing).

He holds a B. A. (1st Class Hons) 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. He is a member of the Society of Tribologists and Lubrication Engineers, USA. Before joining the Company in 1981, as a scholar he was bonded by Singapore Government to serve 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 has 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), Director and Honorary Chairman of Sian Chay Medical Institution as well as Honorary Consul of the Republic of Djibouti in Singapore.

何博士自 1983 年起一直担任主席兼董事总经理。何博士 2015 年 5 月卸任总裁职位，交棒给何其泓先生，仍为集团执行主席。何博士除了主导集团的政策方针，企业大计划外，也监管研发工作。他也是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。他也是美国摩擦学及润滑工程师协会的会员。1981 年加入公司前，何博士作为奖学金得主曾在公共事业局服务 5 年，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、华中初级学院、华侨中学及华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及吉布提共和国驻新加坡荣誉领事。



**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). 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 also looks after the financial matters of subsidiary, A.I.M. Chemical Industries Pte Ltd.

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).

刘女士是公司（前为 1975 年成立的环球石油贸易私人有限公司）创办人之一。她督导财务管理，也协助主席探索及评估新商机和拟定集团政策及策略以及负责子公司 A.I.M. 化工有限公司的财务事宜。

同时她也是多间集团主要子公司：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，她曾在民营公司任职，并曾任法国东方汇理银行（新加坡分行）职员。

# 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, GB Chemicals, Alpha Pacific Petroleum (S), AP (Vietnam) Holding, AP Saigon Petro JSC, AP Oil Singapore (Shanghai), AP Oil Singapore (Chongqing), and Chongqing Zongshen Financial Leasing Company Limited.

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

何先生于2005年加入集团并在2009年7月被指任为董事。之后于2012年9月晋升为集团副总裁，并于2015年5月担任集团总裁一职。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、星环润滑油（上海）、新环润滑油（重庆）及重庆宗申融资租赁有限公司。

何先生同时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.

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。

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  
审核委员会成员  
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.

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。

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

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。

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  
 提名委员会成员  
 薪酬委员会成员

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. 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

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。

as Managing Director taking leadership role in business development, sales, finance, production, and general administration for the subsidiary.

曾先生拥有英国布鲁耐尔大学的工商管理学硕士学位。

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



**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.

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。

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 over financial and management reporting, internal controls, treasury, tax, regulatory compliance, investment projects, financial systems and corporate secretariat.

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。

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.

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

On 24 February 2022, AP Oil Group announced merger of the revenues and other information from the Franchising segment into the Trading segment, with effect from the financial year ended 31 December 2021 ("FY2021").

The Franchising segment include sale of raw materials to franchisees, these revenues are mainly Trading related. Royalty revenue from the franchisees has not been material and sourcing of additional franchisees would no longer be the Group's focus. Instead, sale of raw materials to franchisees shall be the focus which is mainly Trading related. As such, it will no longer be meaningful to report Franchising segment as a separate segment. The revenue of S\$4.0 million in FY2021 from the Franchising segment has been merged into the Trading segment.

### PERFORMANCE BY OPERATING SEGMENTS

#### MANUFACTURING

Manufacturing segment accounted for 49.4% or S\$27.5 million of the Group's revenue in FY2021 compared to 59.0% or S\$33.7 million in the financial year ended 31 December 2020 ("FY2020"). 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 in a Vietnam joint venture (AP Saigon Petrol) – 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".

For specialty chemicals, these are produced by two of our wholly owned subsidiaries namely A.I.M. Chemical Industries and GB Chemicals.

环球石油集团在 2022 年 2 月 24 日宣布，自截至 2021 年 12 月 31 日的财政年度起，特许经营部门的收入和其他信息合并到贸易部门。

特许经营部门收入包括向加盟商销售原材料，该等收入主要与贸易有关。来自特许经营商的特许权使用费收入并不重大和增加更多特许经营商将不再是本集团的重点，相反，向加盟商销售原材料应成为主要与贸易相关的重点。因此，将特许经营部门作为单独的部门报告将不再有意义。

鉴于以上，2021 财年特许经营部门的 400 万新元收入已并入贸易部门。

### 各业务部门业绩结果

#### 制造

2021 财年，制造部门占集团总收入的 49.4%，达 2,750 万新元相比较 2020 财年为 59.0% 或 3,370 万新元。该部门业务主要由润滑油与特种化学品的制备构成。

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，越南有一家合资工厂（AP Saigon Petrol）。三家工厂生产各类润滑油产品，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。

特种化学品业务方面，则由两家全资子公司 — A.I.M 化工和 GB 化工负责生产。

# REVIEW OF OPERATIONS

## 营运总结报告

### TRADING

Trading segment cover purchase and sale of raw materials used for lubricants and specialty chemicals manufacturing, namely, base oil, chemicals and finished products purchase from third party.

This segment accounted for 50.6% or S\$28.1 million of the Group's revenue in FY2021 (FY2020: 41.0% or S\$23.4 million). The higher year on year revenue was mainly from higher base oil and finished product sales.

### PERFORMANCE BY GEOGRAPHICAL MARKETS

AP Oil Group exports a full range of lubricants and specialty chemicals to customers in several regions. Main markets in FY2021 were Singapore, Southeast Asia, Middle East and Indian subcontinent.

Singapore was the Group's largest market, recording 66.3% of the Group's revenue for FY2021. Sales in Singapore increased by S\$5.4 million to S\$36.9 million – include marine lubricants sold to foreign customers but delivery to vessels calling at the Singapore port; and specialty chemicals sold to Singapore based multinational companies for export.

Sales to Southeast Asia (excluding Singapore), was the second largest market contributing 14.3% or S\$7.9 million to the Group's revenue. This was followed by the Indian subcontinent with 5.5% or S\$3.0 million to the Group's revenue.

Middle East accounted for 2.8% or S\$1.6 million and other region made up the balance of 11.1% or S\$6.2 million of the Group's revenue.

### 贸易

贸易活动部门负责处理生产润滑油与特种化学品所用原料的买卖业务，主要分为基础油、化学品和购自第三方的成品。

该部门在 2021 财年录得收入 2,810 万新元，占集团收入的 50.6%（2020 财年资料：41.0%，2,340 万新元）。收入同比增加主要来自较高的基础油和成品销售。

### 各业务地区市场业绩

集团向多个地区的客户出口各类润滑油和特种化学品。2021 财年，集团的主要市场为新加坡、东南亚、中东和印度次大陆。

新加坡是集团的最大市场，在 2021 财年贡献了 66.3% 的集团收入。在新加坡的销售增加 540 万新元至 3,690 万新元。其中包括在新加坡港口向外国客户船舶交货的船用润滑油，以及出售给各类跨国企业的新加坡总部以供出口的特种化学品。

我们的第二大市场东南亚（不包括新加坡），销售额为 790 万新元，占集团收入的 14.3%。第三则是印度次大陆，销售额为 300 万新元，占集团收入的 5.5%。

中东这个地区的销售额总计 160 万新元，占集团收入的 2.8% 和其它市场则另外贡献了总计达 620 万新元的销售额，占集团收入的 11.1%。

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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 2021 ("FY2021").

The Board is pleased to confirm that for FY2021, 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 its 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 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;
- 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.

# CORPORATE GOVERNANCE REPORT

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 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. Minutes of all Board Committee meetings held are made available to the Board members. The key terms of reference and composition of each Board Committee can be found in this 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, ad-hoc 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.

# CORPORATE GOVERNANCE REPORT

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 FY2021 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	1
Mdm Lau Woon Chan	2	2	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1	1
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) <i>(Appointed on 4 January 2021)</i>	2	2	2	2	1	1	1	1	1	1
Mr Wan Kum Tho <i>(Appointed on 4 January 2021)</i>	2	2	2	2	1	1	1	1	1	1
Mr Tan Woon Hum <i>(Retired on 28 April 2021)</i>	2	1	2	1	1	1	1	1	1	1
Mr Quah Ban Huat <i>(Resigned on 29 April 2021)</i>	2	1	2	1	1	1	1	1	1	1

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 FY2021 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 FY2021 are as follows:

Director	Training Attended	
Mr Mah How Soon (Ma Haoshun)	2021 SPAC market update and opportunities for Asia Pacific	15 April 2021
	SGX Regulatory Symposium 2021	7 May 2021
	Sustainability Reporting	19 May 2021
	Anti-Money Laundering/Combating Financing for Terrorism Training	21 September 2021
	Task Force on Climate-related Financial Disclosures 101 session	27 October 2021
	Southeast Asia Emerging Technology Trends: E-commerce as a Lifestyle	28 October 2021
	Listing on London: APAC IPO Forum and Capital Markets Update	28 October 2021
	Task Force on Climate-related Financial Disclosures 102 session	3 November 2021
	Singapore Capital Markets Symposium 2021	17 November 2021
	Operational & Market Risk Management	18 November 2021
	The SPAC wave on Singapore's shore	18 November 2021
	DCF, LBO and Merger Analysis in Corporate Valuation	28 November 2021
	Understanding SPACs and Other Financing Options	2 December 2021
	Rules and Regulations for Financial Advisory Services	6 December 2021
	Ethics for Representatives of Financial Firms	22 December 2021
Hedge Funds Investing & Strategies	30 December 2021	
Mr Wan Kum Tho	Audit Committee Essentials	13 October 2021
	Board Risk Committee Essentials	14 October 2021

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.

# CORPORATE GOVERNANCE REPORT

Management provides directors with complete, adequate and timely information prior to meetings, and on an on-going 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.

## 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 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.



# CORPORATE GOVERNANCE REPORT

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, 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.

Each independent director is required to complete a Director’s Independence Form annually to confirm his independence. For FY2021, the NC carried out a review on the independence of each independent non-executive 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 NC is 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 Non-Executive 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 Non-Executive 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 on pages 10 to 13 of this Annual Report.

# CORPORATE GOVERNANCE 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, experience and gender, and collectively possesses a range of competencies in legal, finance, business management 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 groupthink and foster constructive debate. The Board Diversity policy is to consider Board candidates from diverse background with appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age. The Board recognizes that diversity of the Board is essential to contribute to sustainable development and growth of the Group. The Board diversity objectives include criteria of qualifications, experience, skills, calibre, gender, attributes and abilities. In particular, during the search to select new independent directors who were appointed in January 2021, the Board Diversity policy and objectives were implemented by the NC. The Board believes that its composition and size provide an appropriate balance and mix of skills, expertise, experience and gender, and collectively a range of competencies in legal, financial, business management and the requisite industry knowledge to lead the Company effectively, avoid groupthink and foster constructive debate. The Board has one female member, and members' ages range from 45 to 73 years. The Board's combined business, management and professional experience, diversity of knowledge and expertise, provide the competencies for diverse and objective perspective on the Group's business and strategic direction.

## Chairman and Chief Executive Officer

### **Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management. 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.

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 represent a considerable concentration of power.

## Board Membership

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

The NC is established for the purposes 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, 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)

# CORPORATE GOVERNANCE REPORT

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;
- 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. On 4 January 2021, Mr Mah How Soon (Ma Haoshun) and Mr Wan Kum Tho were appointed as the Independent Directors of the Company, replacing Mr Tan Woon Hum who retired on 28 April 2021 and Mr Quah Ban Huat who resigned on 29 April 2021. As part of the Group's succession planning, Dr Ho Leng Woon relinquished his position as the Chief Executive Officer on 1 May 2015. Mr Ho Chee Hon assumed the role of Group Chief Executive Officer.

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.

# CORPORATE GOVERNANCE REPORT

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, Dr Ho Leng Woon ("Dr Ho") and Mdm Lau Woon Chan ("Mdm Lau") 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 Dr Ho and Mdm Lau to retire and seek for re-election at the forthcoming AGM.

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.

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 1 April 2022)	Previous Directorship/ Chairmanship in other Listed Companies (FY2019 to FY2021)
Dr Ho Leng Woon	Executive	2 January 1982	26 April 2019	–	–
Mdm Lau Woon Chan	Executive	7 March 1983	26 April 2019	–	–
Mr Ho Chee Hon	Executive	1 July 2009	29 June 2020	–	–
Mr Chang Kwok Wah	Executive	25 February 2004	28 April 2021	–	–

# CORPORATE GOVERNANCE REPORT

Name of Director	Appointment	Date of Initial Appointment	Date of Last Re-election	Present Directorship/ Chairmanship in other Listed Companies (as at 1 April 2022)	Previous Directorship/ Chairmanship in other Listed Companies (FY2019 to FY2021)
Mr Mah How Soon (Ma Haoshun)	Independent	04 January 2021	28 April 2021	<u>Listed Company</u> – Clearbridge Health Limited (Independent Director)	<u>Listed Companies</u> – 800 Super Holdings Limited (Independent Director) – Katrina Group 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

Apart from the foregoing, further information on each director are set out on pages 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 49 of this Report.

## Board Performance

**Principle 5: The Board undertakes a formal assessment of its effectiveness as a whole, and that 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.

# CORPORATE GOVERNANCE REPORT

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 FY2021, 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 relation to 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 relation to Principle 1. For FY2021, 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 and executive remuneration, and for fixing the remuneration packages of individual directors. 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's 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) 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 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. The remuneration of the Executive Directors and Chief Executive Officer 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 Non-Executive 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 Non-Executive 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 Non-Executive 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 schemes for 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 policy, level and mix of remuneration, and the procedure for setting remuneration and the relationship 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.

# CORPORATE GOVERNANCE REPORT

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 (%)
400,000 to below 500,000	Mr Ho Chee Hon	67.2	29.9	–	2.9
300,000 to below 400,000	Dr Ho Leng Woon	63.0	32.2	–	4.8
300,000 to below 400,000	Mr Chang Kwok Wah	69.2	26.2	–	4.6
200,000 to below 300,000	Mdm Lau Woon Chan	56.1	43.9	–	–
Below 100,000	Mr Mah How Soon (Ma Haoshun)	–	–	100.0	–
	Mr Wan Kum Tho	–	–	100.0	–
	Mr Tan Woon Hum <sup>(1)</sup>	–	–	100.0	–
	Mr Quah Ban Huat <sup>(2)</sup>	–	–	100.0	–

\* Includes incentive accrual for financial year 2021 performance

<sup>(1)</sup> Retired on 28 April 2021

<sup>(2)</sup> Resigned on 29 April 2021

The top five key management personnel's remuneration for FY2021 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	2
0 to below 100,000	1

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 FY2021. 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 FY2021, 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 FY2021.

# CORPORATE GOVERNANCE REPORT

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\$875,000 for FY2021.

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.

## C. ACCOUNTABILITY AND AUDIT

### Accountability

### 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 interest 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 RMC has done up a documentation on 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. 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 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 FY2021, 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.

# CORPORATE GOVERNANCE REPORT

In addition, the Board received assurances from managing directors of the Company's subsidiaries, namely, A.I.M. Chemical and GB Chemicals, 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 2021.

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

## Audit Committee

### **Principle 10: The Board has an AC with written terms of reference 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.

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.

# CORPORATE GOVERNANCE REPORT

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 has conducted an annual review of the volume of non-audit services provided by the external auditors to satisfy it that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before recommending their re-nomination to the Board. A breakdown of the fees in total for audit and non-audit services is set out on page 118 of this annual report. The AC is satisfied with their independence and has recommended the re-appointment of the external auditors at the forthcoming Annual General Meeting of the Company.

The Company has outsourced the Internal Audit ("IA") function and engaged Baker Tilly TFW LLP, a top 10 audit and accounting firm in Singapore for this function. Baker Tilly has assigned partner Nicodemus Tan to lead the IA review. He has 18 years of professional IA experience in the big four public accounting firms; holds an Accountancy degree from Nanyang Business School; 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.

# CORPORATE GOVERNANCE REPORT

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 FY2021, 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 FY2021.
Accounting for leases	From 1 January 2019, the Group adopted SFRS(I) 16 Leases accounting for the properties leased.  AC evaluated whether the lease agreements have been accounted in accordance with SFRS(I)16.  This accounting for leases has been included as a Key Audit Matter in the independent auditor's report for FY2021.

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

# CORPORATE GOVERNANCE REPORT

to all employees. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that identity of 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 FY2021, there were no complaints, concerns or issues received.

## Shareholder Rights and Conduct of General Meetings

**Principle 11: The Company treats all shareholders fairly and equitably, to enable them to exercise shareholder 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 to 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.

# CORPORATE GOVERNANCE REPORT

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 1.0 cent per ordinary share for FY2021.

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.

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.

In view of the COVID-19 situation, the Company will be conducting the annual general meeting ("AGM") via electronic means and therefore, alternative arrangements will be made to take into account the online nature of the annual general meeting, further information of which is set out in the notice of the AGM dated 8 April 2022.

As shareholders are unable to attend the meeting in person, shareholders will appoint the Chairman of the meeting as proxy to vote on their behalf at the AGM and submit questions relating to the business of the meeting in advance. Please refer to the notice of the AGM dated 8 April 2022 for further information.

Substantial and relevant comments or queries from shareholders relating to the agenda of the AGM together with responses from the Board and the Management will be prepared by the Company. 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 FY2021 will be released to the Singapore Exchange Securities Trading Limited ("SGX-ST") within one (1) month from the date of AGM and shall be made available on the Company's website.



# CORPORATE GOVERNANCE REPORT

## 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.

## 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.

# CORPORATE GOVERNANCE REPORT

## D. 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 FY2021.

## E. 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 FY2021, and is satisfied there was no interested person transaction entered into by the Group in excess of S\$100,000 during the financial year.

## F. MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual, the Company confirms there was no material contract entered into by 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.

## G. AUDITORS

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

# CORPORATE GOVERNANCE REPORT

## H. 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 Dr Ho Leng Woon and Mdm Lau Woon Chan, being the Directors who are retiring in according with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Director	Dr Ho Leng Woon	Mdm Lau Woon Chan
Date of Appointment	02 January 1982	07 March 1983
Date of last re-appointment (if applicable)	26 April 2019	26 April 2019
Age	73	73
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 Dr Ho Leng Woon ("Dr Ho") to retire and seek re-election at the forthcoming AGM. The Board is of the view that as founding director, Dr Ho has deep institutional knowledge and business experience with the Group and will be able to contribute positively to the Group.	The NC has recommended and the Board has agreed for Mdm Lau Woon Chan ("Mdm Lau") to retire and seek re-election at the forthcoming AGM. The Board is of the view that as founding director, Mdm Lau has deep institutional knowledge and business experience with the Group and will be able to contribute positively to the Group.
Whether appointment is executive, and if so, the area of responsibility	Executive. Apart from masterminding the Group's corporate policy, enterprise directions and business planning, he also oversees R&D in AP Oil. Dr Ho is also Chairman of AP Saigon Petro Joint Stock Co Ltd, AP Oil Singapore (Shanghai) and AP Oil Singapore (Chongqing).	Executive. Mdm Lau 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 also looks after the financial matters of the subsidiary, A.I.M. Chemical Industries Pte Ltd.

# CORPORATE GOVERNANCE REPORT

Name of Director	Dr Ho Leng Woon	Mdm Lau Woon Chan
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Executive Director
Professional Qualifications	B.A. (1st Class Hons) Degree from Nanyang University PhD (Degree) from the University of Hull, England Diploma in Management Studies from Graduate School of Business, University of Chicago Member of the Society of Tribologists and Lubrication Engineers, USA.	Bachelor of Arts Degree, Nanyang University
Working experience and occupation(s) during the past 10 years	2012 to present: Executive Chairman and Managing Director of the Company	2012 to present: Director of the Company
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest 37.32% Indirect Interest 10.66%	Direct Interest 10.66% Indirect Interest 37.32%
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	Dr Ho is the spouse of Mdm Lau. Mr Ho Chee Hon, the Chief Executive Officer, is the son of Dr Ho.	Mdm Lau is the spouse of Dr Ho. Mr Ho Chee Hon, the Chief Executive Officer, is the son of Mdm Lau.
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



# CORPORATE GOVERNANCE REPORT

Name of Director	Dr Ho Leng Woon	Mdm Lau Woon Chan
(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
(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?	Yes. For full details, please refer to announcements made by the Company on the following dates, and available on the Company's website:  30 October 2006 20 January 2009 16 October 2009 16 November 2009 18 November 2009	Nil

# CORPORATE GOVERNANCE REPORT

Name of Director	Dr Ho Leng Woon	Mdm Lau Woon Chan
(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
(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

# CORPORATE GOVERNANCE REPORT

Name of Director	Dr Ho Leng Woon	Mdm Lau Woon Chan
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <ul style="list-style-type: none"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>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</li> <li>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</li> <li>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?</li> </ul>	Nil	Nil
<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?</p>	Nil	Nil



# CORPORATE GOVERNANCE REPORT

Name of Director	Dr Ho Leng Woon	Mdm Lau Woon Chan
<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>Dr Ho has been Executive Chairman and Managing Director of the Company since its listing on the SGX-ST in 2001.</p>	<p>Yes.</p> <p>Mdm Lau has been Director of the Company since its listing on the SGX-ST in 2001.</p>

# 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 2021.

## 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 2021 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><u>At beginning of reporting year</u></b>	<b><u>At end of reporting year</u></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 2022 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)

Mr Mah How Soon @ Ma Haoshun was appointed as Chairman of audit committee on 29 April 2021.

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).

Please refer to the Corporate Governance Report for further details of the activities of the audit committee during the financial year ended 31 December 2021.

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

On behalf of the directors



Dr Ho Leng Woon  
Director



Mr Ho Chee Hon  
Director

1 April 2022

# 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 2021, 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 year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information, as set out on pages 57 to 119.

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 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the 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 2C on critical judgements, assumptions and estimation uncertainties, note 18 on other financial assets, and the annual report on the section on the audit committee's views and responses to the reported key audit matters.

The Company holds a 12.5% equity interests in Chongqing Zongshen Financial Leasing Company Limited (the "Investment") and as part of the investment arrangement, the Company was also granted an option by the major shareholder of the Investment whereby the Company has the right to sell to the major shareholder its equity interests in Chongqing Zongshen Financial Leasing Company Limited (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 Company accounted for the Investment 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 2021.

The fair value was determined based on the adjusted net assets approach and market approach. As Chongqing Zongshen Financial Leasing Company Limited 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.

### **(b) Accounting for leases**

Please refer to note 2A on the relevant accounting policy, note 2C on critical judgements, assumptions and estimation uncertainties, note 14 on right-of-use assets, note 26 on lease liabilities, and the annual report on the section on the audit committee's views and responses to the reported key audit matters.

The Group leases a number of properties that are accounted for in accordance with SFRS(I) 16 *Leases*. Significant judgement is involved in establishing the underlying key assumptions to derive the value of the right-of-use assets and the related lease liabilities.

We have evaluated the Group's application of SFRS(I) 16 and the measurement of the resulting right-of-use assets and lease liabilities. In doing so, we have reviewed the respective lease agreements of the Group and assessed whether management had accounted for these leases in accordance with SFRS(I) 16. In particular, we have assessed the discount rates and the reasonableness of the assumptions in relation to the lease terms, taking into consideration the requirements of the conditional offer made to the Group for the extension of lease terms.

# 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.



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AP OIL INTERNATIONAL LIMITED

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

# 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 Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

1 April 2022

Engagement partner – effective from year ended 31 December 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021 \$'000	2020 \$'000
Revenue	5	55,614	57,149
Cost of sales		(45,658)	(48,490)
<b>Gross profit</b>		<b>9,956</b>	8,659
Interest income		115	363
Other gains	6	1,463	1,427
Distribution costs	7	(1,824)	(2,107)
Administrative expenses	7	(6,498)	(5,888)
Finance costs	8	(231)	(98)
Other losses	6	(77)	(170)
Share of results of equity-accounted joint ventures		71	324
<b>Profit before tax</b>		<b>2,975</b>	2,510
Income tax expense	10	(234)	(357)
<b>Profit for the year</b>		<b>2,741</b>	2,153
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation from functional currency to presentation currency	24	875	(660)
Share of other comprehensive (loss)/income from equity-accounted joint ventures, net of tax	24	(15)	27
<b>Other comprehensive income/(loss) for the year</b>		<b>860</b>	(633)
<b>Total comprehensive income for the year</b>		<b>3,601</b>	1,520
Profit attributable to owners of the Company, net of tax		2,741	2,153
<b>Profit for the year</b>		<b>2,741</b>	2,153
Total comprehensive income attributable to owners of the Company		3,601	1,520
<b>Total comprehensive income for the year</b>		<b>3,601</b>	1,520
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted	11	1.67	1.31

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	12,775	12,571	515	326
Right-of-use assets	14	5,300	5,526	1,263	1,304
Goodwill	15	409	409	-	-
Investments in subsidiaries	16	-	-	17,736	17,533
Investments in joint ventures	17	2,509	2,570	516	506
Deferred tax assets	10	36	3	-	-
Other financial assets	18	6,619	5,730	6,619	5,730
Other assets	19	140	197	-	-
<b>Total non-current assets</b>		<b>27,788</b>	<b>27,006</b>	<b>26,649</b>	<b>25,399</b>
<b>Current assets</b>					
Inventories	20	8,567	8,244	-	-
Trade and other receivables	21	6,046	4,980	13,929	8,689
Other assets	19	887	488	19	19
Cash and cash equivalents	22	32,775	35,735	4,420	8,200
<b>Total current assets</b>		<b>48,275</b>	<b>49,447</b>	<b>18,368</b>	<b>16,908</b>
<b>Total assets</b>		<b>76,063</b>	<b>76,453</b>	<b>45,017</b>	<b>42,307</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	23	6,606	6,606	6,606	6,606
Retained earnings		48,423	46,505	35,812	34,185
Other reserves	24	4,099	3,239	(1,025)	(1,767)
<b>Total equity</b>		<b>59,128</b>	<b>56,350</b>	<b>41,393</b>	<b>39,024</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	646	580	-	-
Loans and borrowings	25	4,210	5,320	-	-
Lease liabilities	26	5,077	5,328	1,272	1,325
<b>Total non-current liabilities</b>		<b>9,933</b>	<b>11,228</b>	<b>1,272</b>	<b>1,325</b>
<b>Current liabilities</b>					
Income tax payable		237	274	-	-
Loans and borrowings	25	1,114	879	-	-
Lease liabilities	26	410	358	53	52
Trade and other payables	27	5,241	7,364	2,299	1,906
<b>Total current liabilities</b>		<b>7,002</b>	<b>8,875</b>	<b>2,352</b>	<b>1,958</b>
<b>Total liabilities</b>		<b>16,935</b>	<b>20,103</b>	<b>3,624</b>	<b>3,283</b>
<b>Total equity and liabilities</b>		<b>76,063</b>	<b>76,453</b>	<b>45,017</b>	<b>42,307</b>

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

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

<u>Group</u>	<u>Share capital \$'000</u>	<u>Retained earnings \$'000</u>	<u>Other reserves \$'000</u>	<u>Total equity \$'000</u>
<b>Current year</b>				
At 1 January 2021	6,606	46,505	3,239	56,350
<b>Changes in equity</b>				
Total comprehensive income for the year	–	2,741	860	3,601
Dividend paid (note 12)	–	(823)	–	(823)
<b>At 31 December 2021</b>	<b>6,606</b>	<b>48,423</b>	<b>4,099</b>	<b>59,128</b>
<b>Previous year</b>				
At 1 January 2020	6,606	45,586	3,872	56,064
<b>Changes in equity</b>				
Total comprehensive income/(loss) for the year	–	2,153	(633)	1,520
Dividend paid (note 12)	–	(1,234)	–	(1,234)
<b>At 31 December 2020</b>	<b>6,606</b>	<b>46,505</b>	<b>3,239</b>	<b>56,350</b>
<u>Company</u>	<u>Share capital \$'000</u>	<u>Retained earnings \$'000</u>	<u>Other reserves \$'000</u>	<u>Total equity \$'000</u>
<b>Current year</b>				
At 1 January 2021	6,606	34,185	(1,767)	39,024
<b>Changes in equity</b>				
Total comprehensive income for the year	–	2,450	742	3,192
Dividend paid (note 12)	–	(823)	–	(823)
<b>At 31 December 2021</b>	<b>6,606</b>	<b>35,812</b>	<b>(1,025)</b>	<b>41,393</b>
<b>Previous year</b>				
At 1 January 2020	6,606	34,410	(1,079)	39,937
<b>Changes in equity</b>				
Total comprehensive income/(loss) for the year	–	1,009	(688)	321
Dividend paid (note 12)	–	(1,234)	–	(1,234)
<b>At 31 December 2020</b>	<b>6,606</b>	<b>34,185</b>	<b>(1,767)</b>	<b>39,024</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Group	
	2021	2020
	\$'000	\$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	2,975	2,510
Adjustments for:		
Interest income	(115)	(363)
Interest expense	231	98
Interest income from insurance policy	(37)	(37)
Insurance premium charged to profit or loss	8	8
Dividend income	–	(295)
Depreciation of property, plant and equipment	1,334	1,261
Depreciation of right-of-use assets	411	414
Share of results of equity-accounted joint ventures, net of tax	(71)	(324)
Plant and equipment written-off	–	3
Gain on disposal of plant and equipment	(95)	(14)
Fair value gain on other financial asset	(750)	–
Operating cash flows before changes in working capital	3,891	3,261
Inventories	(165)	(459)
Trade and other receivables	(970)	2,914
Other assets	(390)	(147)
Trade and other payables	(2,264)	(1,492)
Net cash flows from operations	102	4,077
Net income taxes paid	(238)	(71)
Net cash flows (used in)/from operating activities	(136)	4,006
<b><u>Cash flows from investing activities</u></b>		
Purchase of plant and equipment	(1,314)	(1,259)
Proceeds from disposal of plant and equipment	104	23
Refund of prepayment for purchase of land	60	422
Interest received	115	363
Dividends received	150	428
Net cash flows used in investing activities	(885)	(23)
<b><u>Cash flows from financing activities</u></b>		
Dividends paid	(823)	(1,234)
Proceeds from loans and borrowings	–	133
Repayment of bank borrowings	(875)	(81)
Repayment of lease liabilities	(358)	(347)
Interest paid	(231)	(98)
Net cash flows used in financing activities	(2,287)	(1,627)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,308)</b>	<b>2,356</b>
Cash and cash equivalents at beginning of the year	35,735	33,621
Net effect of exchange rate changes on cash and cash equivalents	348	(242)
<b>Cash and cash equivalents at end of the year (note 22)</b>	<b>32,775</b>	<b>35,735</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 1. GENERAL

AP Oil International Limited (the "Company") 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 2021 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.

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 24 February 2022, which would materially affect the Group's and the Company's operating and financial performance as of the date of these financial statements.

### Statement of compliance with financial reporting standards

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

### Accounting convention

These 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 value) as disclosed where appropriate in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 1. GENERAL (CONTINUED)

### **Basis of preparation of financial statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2C.

### **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 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 2A. Significant accounting policies

#### Revenue recognition

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

#### 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.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Significant accounting policies (Continued)

#### Other income (Continued)

##### 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 agrees 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.

#### Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Significant accounting policies (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\$1.34 (2020: US\$1 to S\$1.32) 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\$1.34 (2020: 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 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Significant accounting policies (Continued)

#### Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax benefit) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, associate and joint venture except where the Group is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

#### 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 5.00% per annum
Plant and equipment	–	20% to 100% per annum

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Significant accounting policies (Continued)

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

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.

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Significant accounting policies (Continued)

#### Leases of lessee

Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is presented in the statement of financial position. 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 an expense. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value assets 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.

#### Leases of lessor

For a lessor each of lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. 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.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Significant accounting policies (Continued)

#### 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.

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.

#### Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Significant accounting policies (Continued)

#### Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the Group as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### 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.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Significant accounting policies (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.

#### 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 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Significant accounting policies (Continued)

#### Financial instruments

##### Recognition and derecognition of financial instruments

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

##### Classification and measurement of financial assets

(i) 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.

(ii) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI")

(iii) Financial asset that is an equity investment classified as measured at FVTOCI

(iv) 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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Significant accounting policies (Continued)

#### Financial instruments (Continued)

##### Classification and measurement of financial liabilities

Financial liabilities are classified as at FVTPL in either of the following circumstances:

- (i) The liabilities are managed, evaluated and reported internally on a fair value basis; or
- (ii) 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

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of six months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

#### 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 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. Significant accounting policies (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.

### 2B. Other explanatory information

#### 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 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

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

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

#### 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 2021. The fair value was determined based on the adjusted net assets approach and market approach. The fair value and the underlying assumptions are disclosed in note 18B to the financial statements.

#### Determination of lease term for leases

One of the subsidiaries of the Group leased a piece of land, located at 18 Pioneer Sector 1, Singapore 628428, from the Jurong Town Corporation ("JTC") for a period of 44 years and 11 months from 1 February 1979 to December 2023. In 2017, JTC made a conditional offer to extend the lease term for an additional 20 years from 2024 to 2043, provided the designated subsidiaries, Alpha Pacific Petroleum (S) Pte Ltd ("APP") and/or AP Oil Pte Ltd ("APPL"), make capital investments, comprising plant and machinery and building and civil works of at least \$10,556,000, at the aforesaid premises by 4 July 2020 which was extended by JTC to 4 January 2023 in October 2021. For the purpose of measuring the right-of-use asset and the related lease liability, judgement is required in determining the lease term which is dependent on management's assessment as to whether it is reasonably certain that the requirements of the conditional offer from JTC can be met. The assumptions and carrying amounts of the right-of-use asset and the related lease liability are disclosed in notes 14 and 26 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2C. Critical judgements, assumptions and estimation uncertainties (Continued)

#### 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 on trade receivables.

## 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	
	2021	2020
	\$'000	\$'000
<u>Joint venture</u>		
Sale of goods	<u>3,517</u>	<u>1,280</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

### 3B. Key management compensation

	Group	
	2021 \$'000	2020 \$'000
Salaries and other short-term employee benefits <sup>(#)</sup>	1,827	1,777
Contributions to defined contribution plan	83	79
	<u>1,910</u>	<u>1,856</u>

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

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

	Group	
	2021 \$'000	2020 \$'000
Remuneration of directors of the Company	1,383	1,320
Remuneration of directors of subsidiaries	401	443
Fees to directors of the Company	120	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.

The Group was previously organised into three operating segments, namely, manufacturing, trading and franchising.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

### 4A. Information on reportable segments (Continued)

The revenue from the franchising segment included sale of raw materials to franchisees, and these were, in fact, mainly trading-related. In addition, royalty revenue from franchisees had not been material, and sourcing of additional franchisees was no longer the Group's focus.

Instead, the Group focuses on the sale of raw materials to franchisees and, as mentioned above, these are trading-related.

As such, it was no longer meaningful to report franchising as a separate operating segment.

In view of the above, revenue and other information from the franchising segment was merged into the trading segment with effect from the year ended 31 December 2021. Correspondingly, such segment information for the year ended 31 December 2020 were also restated by merging the franchising and trading segments. Revenue and other information of the franchising segment are summarised below:

	Group	
	2021	2020
	\$'000	\$'000
Revenue	4,043	2,333
Gross profit	561	397
Total assets	1,971	940
Total liabilities	177	190

With effect from the year ended 31 December 2021, the Group is organised into two major 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 based 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 2021

## 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>2021</b>				
Revenue by segment	28,189	29,224	–	57,413
Inter-segment sales	(699)	(1,100)	–	(1,799)
Total revenue	<u>27,490</u>	<u>28,124</u>	–	<u>55,614</u>
Gross profit	<u>5,784</u>	<u>4,172</u>	–	<u>9,956</u>
Interest income			115	115
Other gains			1,463	1,463
Finance costs			(231)	(231)
Other losses			(77)	(77)
Unallocated expenses			(8,322)	(8,322)
Share of results of joint ventures			71	71
Profit before tax				<u>2,975</u>
Income tax expense			(234)	<u>(234)</u>
Profit for the year				<u>2,741</u>
<b>2020</b>				
Revenue by segment	34,230	24,554	–	58,784
Inter-segment sales	(539)	(1,096)	–	(1,635)
Total revenue	<u>33,691</u>	<u>23,458</u>	–	<u>57,149</u>
Gross profit	<u>6,658</u>	<u>2,001</u>	–	<u>8,659</u>
Interest income			363	363
Other gains			1,427	1,427
Finance costs			(98)	(98)
Other losses			(170)	(170)
Unallocated expenses			(7,995)	(7,995)
Share of results of joint ventures			324	324
Profit before tax				<u>2,510</u>
Income tax expense			(357)	<u>(357)</u>
Profit for the year				<u>2,153</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

### 4C. Assets and reconciliations

	Manufacturing \$'000	Trading \$'000	Unallocated \$'000	Total \$'000
<b>2021</b>				
Total assets for reportable segments	19,209	7,880	–	27,089
Unallocated:				
– Deferred tax assets	–	–	36	36
– Cash and cash equivalents	–	–	32,775	32,775
– Investments in joint ventures	–	–	2,509	2,509
– Right-of-use assets	–	–	5,300	5,300
– Other unallocated amounts	–	–	8,354	8,354
Total assets	<u>19,209</u>	<u>7,880</u>	<u>48,974</u>	<u>76,063</u>
<b>2020</b>				
Total assets for reportable segments	19,017	6,151	–	25,168
Unallocated:				
– Deferred tax assets	–	–	3	3
– Cash and cash equivalents	–	–	35,735	35,735
– Investments in joint ventures	–	–	2,570	2,570
– Right-of-use assets	–	–	5,526	5,526
– Other unallocated amounts	–	–	7,451	7,451
Total assets	<u>19,017</u>	<u>6,151</u>	<u>51,285</u>	<u>76,453</u>

### 4D. Liabilities and reconciliations

	Manufacturing \$'000	Trading \$'000	Unallocated \$'000	Total \$'000
<b>2021</b>				
Total liabilities for reportable segments	2,391	2,303	–	4,694
Unallocated:				
– Deferred and current tax liabilities	–	–	883	883
– Loans and borrowings	–	–	5,324	5,324
– Lease liabilities	–	–	5,487	5,487
– Other unallocated amounts	–	–	547	547
Total liabilities	<u>2,391</u>	<u>2,303</u>	<u>12,241</u>	<u>16,935</u>
<b>2020</b>				
Total liabilities for reportable segments	4,150	2,747	–	6,897
Unallocated:				
– Deferred and current tax liabilities	–	–	854	854
– Loans and borrowings	–	–	6,199	6,199
– Lease liabilities	–	–	5,686	5,686
– Other unallocated amounts	–	–	467	467
Total liabilities	<u>4,150</u>	<u>2,747</u>	<u>13,206</u>	<u>20,103</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

### 4E. Other material items and reconciliations

	Manufacturing \$'000	Trading \$'000	Unallocated \$'000	Total \$'000
<u>Depreciation</u>				
<b>2021</b>	<b>294</b>	<b>329</b>	<b>1,122</b>	<b>1,745</b>
<b>2020</b>	354	477	844	1,675
<u>Capital expenditure</u>				
<b>2021</b>	<b>491</b>	<b>287</b>	<b>695</b>	<b>1,473</b>
<b>2020</b>	3,227	253	129	3,609

### 4F. Geographical information

The revenue and non-current assets are disaggregated into Singapore, Southeast Asia (excluding Singapore), Middle East, Indian subcontinent and other region which are in compliance with SFRS(I) 8. The comparative information has been reclassified to conform with current year's presentation.

	Revenue		Non-current assets	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Singapore	<b>36,879</b>	31,498	<b>17,293</b>	17,292
Southeast Asia (excluding Singapore)	<b>7,927</b>	6,595	<b>2,041</b>	2,261
Middle East	<b>1,560</b>	10,252	-	-
Indian subcontinent	<b>3,043</b>	2,775	-	-
Other region	<b>6,205</b>	6,029	<b>1,799</b>	1,720
	<b>55,614</b>	57,149	<b>21,133</b>	21,273

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 and other financial assets.

### 4G. Information on major customers

No customer (2020: 1) of the Group contributed more than 10% of the Group's total revenue. Total sales to this customer for the financial year ended 31 December 2020 was approximately \$9,400,000.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 5. REVENUE

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

	Group	
	2021	2020
	\$'000	\$'000
Sale of goods	53,268	54,871
Rendering of services	1,332	1,133
Rental revenue	1,014	1,145
	<b>55,614</b>	<b>57,149</b>

### 5B. Classification by duration of contracts

	Group	
	2021	2020
	\$'000	\$'000
Short-term contracts	55,614	57,149

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

	Group	
	2021	2020
	\$'000	\$'000
Point in time	54,600	56,004
Over time	1,014	1,145
	<b>55,614</b>	<b>57,149</b>

The customers are mainly corporate accounts.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 6. OTHER GAINS/(LOSSES)

	Group	
	2021	2020
	\$'000	\$'000
Allowance for impairment of trade receivables (note 21)	(76)	(25)
Bad debts written-off on trade receivables	(1)	(12)
Dividend income	–	295
Fair value gain on other financial asset (note 18B)	750	–
Foreign exchange gains/(losses)	186	(130)
Gain on disposal of plant and equipment	95	14
Government grant income	359	1,013
Interest income from insurance policy (note 18A)	37	37
Plant and equipment written-off	–	(3)
Royalty income	23	25
Other income	13	43
	<b>1,386</b>	<b>1,257</b>
Presented in profit or loss as:		
Other gains	<b>1,463</b>	1,427
Other losses	<b>(77)</b>	(170)
	<b>1,386</b>	<b>1,257</b>

## 7. DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

Major components include the following:

	Group	
	2021	2020
	\$'000	\$'000
<u>Distribution costs</u>		
Employee benefits expense	1,028	1,166
Freight charges	557	671
<u>Administrative expenses</u>		
Employee benefits expense	4,272	3,747
Depreciation expense	663	617

## 8. FINANCE COSTS

	Group	
	2021	2020
	\$'000	\$'000
Interest expense	231	98

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021	2020
	\$'000	\$'000
Employee benefits expense	6,432	6,087
Contributions to defined contribution plan	451	463
Others	239	161
	<u>7,122</u>	<u>6,711</u>
Included in:		
Cost of sales	1,822	1,798
Distribution costs	1,028	1,166
Administrative expenses	4,272	3,747
	<u>7,122</u>	<u>6,711</u>

## 10. INCOME TAX

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

	Group	
	2021	2020
	\$'000	\$'000
<u>Current tax</u>		
Current tax expense	188	200
Adjustments in respect of prior years	13	(221)
	<u>201</u>	<u>(21)</u>
<u>Deferred tax</u>		
Deferred tax expense	69	7
Adjustments in respect of prior years	(36)	371
	<u>33</u>	<u>378</u>
	<u>234</u>	<u>357</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 10. INCOME TAX (CONTINUED)

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

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% (2020: 17%) to profit before tax as a result of the following:

	Group	
	2021 \$'000	2020 \$'000
Profit before tax	2,975	2,510
Less: Share of results of equity-accounted joint ventures	(71)	(324)
	<u>2,904</u>	<u>2,186</u>
Income tax at statutory rate	494	372
Non-deductible items	41	80
Income not subject to tax	(242)	(216)
Adjustments to current tax in respect of prior years	13	(221)
Adjustments to deferred tax in respect of prior years	(36)	371
Tax exemptions	(44)	(37)
Others	8	8
	<u>234</u>	<u>357</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.

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

	Group	
	2021 \$'000	2020 \$'000
Excess of net book value over tax value of property, plant and equipment	58	382
Excess of tax value over net book value of property, plant and equipment	(22)	44
Deferred tax relating to depreciation of right-of-use assets and interest on lease liabilities	(10)	(8)
Provision for unutilised leave	(6)	(4)
Unutilised tax losses	9	(37)
Unutilised capital allowances	(2)	-
Foreign exchange adjustments	1	1
	<u>28</u>	<u>378</u>
Unrecognised deferred tax benefit	5	-
	<u>33</u>	<u>378</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 10. INCOME TAX (CONTINUED)

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

	Group	
	2021	2020
	\$'000	\$'000
Excess of net book value over tax value of property, plant and equipment	(716)	(658)
Excess of tax value over net book value of property, plant and equipment	22	–
Deferred tax relating to depreciation of right-of-use assets and interest on lease liabilities	24	14
Provision for unutilised leave	35	29
Unutilised tax losses	59	68
Unutilised capital allowance	2	–
Foreign exchange adjustments	–	1
	<u>(574)</u>	<u>(546)</u>
Unrecognised deferred tax assets	<u>(36)</u>	<u>(31)</u>
	<u>(610)</u>	<u>(577)</u>
Presented in statement of financial position as follows:		
Deferred tax assets	36	3
Deferred tax liabilities	<u>(646)</u>	<u>(580)</u>
	<u>(610)</u>	<u>(577)</u>

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.

## 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:

	Group	
	2021	2020
	\$'000	\$'000
<u>Numerator</u>		
Profit for the year attributable to owners of the Company	<u>2,741</u>	<u>2,153</u>



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 11. EARNINGS PER SHARE (CONTINUED)

	2021 '000	2020 '000
<u>Denominator</u>		
Weighted average number of shares	<u>164,531</u>	<u>164,531</u>

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

	Company	
	2021 \$'000	2020 \$'000
Final tax exempt (1-tier) dividends paid at 0.50 cent (2020: 0.75 cent) per share	<u>823</u>	<u>1,234</u>

On 24 February 2022, the directors proposed a final dividend of \$0.01 per ordinary share, amounting to \$1,645,000. 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.

## 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties and improvements \$'000	Plant and equipment \$'000	Construction in progress \$'000	Total \$'000
<b>Group</b>				
<u>Cost</u>				
At 1 January 2020	5,898	12,627	8,862	27,387
Additions	587	632	40	1,259
Disposals	–	(82)	–	(82)
Written-off	–	(94)	–	(94)
Reclassifications	9,011	14	(9,025)	–
Foreign exchange adjustments	(260)	36	123	(101)
At 31 December 2020	15,236	13,133	–	28,369
Additions	41	1,273	–	1,314
Disposals	–	(1,327)	–	(1,327)
Written-off	–	(37)	–	(37)
Foreign exchange adjustments	260	64	–	324
At 31 December 2021	<u>15,537</u>	<u>13,106</u>	<u>–</u>	<u>28,643</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

	Leasehold properties and improvements \$'000	Plant and equipment \$'000	Construction in progress \$'000	Total \$'000
<u>Accumulated depreciation</u>				
At 1 January 2020	3,758	10,922	–	14,680
Depreciation for the year	537	724	–	1,261
Disposals	–	(73)	–	(73)
Written-off	–	(91)	–	(91)
Foreign exchange adjustments	(23)	44	–	21
At 31 December 2020	4,272	11,526	–	15,798
Depreciation for the year	568	766	–	1,334
Disposals	–	(1,318)	–	(1,318)
Written-off	–	(37)	–	(37)
Foreign exchange adjustments	42	49	–	91
At 31 December 2021	<b>4,882</b>	<b>10,986</b>	–	<b>15,868</b>
<u>Net book value</u>				
At 1 January 2020	2,140	1,705	8,862	12,707
At 31 December 2020	10,964	1,607	–	12,571
At 31 December 2021	<b>10,655</b>	<b>2,120</b>	–	<b>12,775</b>

Construction-in-progress relates to the construction of a leasehold building situated on a leasehold land, which is leased by APP from JTC, located at 18 Pioneer Sector 1, Singapore 628428 (the "Premise"). In 2020, temporary occupancy permit ("TOP") was granted by the Building and Construction Authority and the building became ready for use. The building has been reclassified to leasehold property and subsequently depreciated on a straight line basis.

The current lease expires in 2023 and JTC has made a conditional offer to APP to extend the lease term for an additional 20 years from 2024 to 2043. Please refer to note 14 for more information.

Certain items of property, plant and equipment with carrying amount of \$8,699,000 (2020: \$8,917,000) are pledged to the bank as security for bank facilities (note 25).

Borrowing costs included in the cost of qualifying assets are as follows:

	Group	
	2021 \$'000	2020 \$'000
Borrowing costs capitalised in additions during the year	–	23
Accumulated interest capitalised included in total cost	<b>140</b>	140
Interest rates (%)	<b>1.41% to 1.44%</b>	1.41% to 2.77%

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

### Allocation of depreciation expense

	<b>Group</b>		
	<b>2021</b>	<b>2020</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Cost of sales	767	739	
Administrative expenses	567	522	
	<b>1,334</b>	1,261	
	<b>Leasehold</b>	<b>Plant and</b>	<b>Total</b>
	<b>properties and</b>	<b>equipment</b>	<b>\$'000</b>
	<b>improvements</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Company</b>			
<u>Cost</u>			
At 1 January 2020	1,306	1,221	2,527
Additions	–	15	15
Written-off	–	(2)	(2)
Foreign exchange adjustments	(23)	(22)	(45)
At 31 December 2020	1,283	1,212	2,495
Additions	–	239	239
Disposals	–	(333)	(333)
Foreign exchange adjustments	26	35	61
At 31 December 2021	<b>1,309</b>	<b>1,153</b>	<b>2,462</b>
<u>Accumulated depreciation</u>			
At 1 January 2020	969	1,179	2,148
Depreciation for the year	16	46	62
Written-off	–	(1)	(1)
Foreign exchange adjustments	(17)	(23)	(40)
At 31 December 2020	968	1,201	2,169
Depreciation for the year	16	44	60
Disposals	–	(333)	(333)
Foreign exchange adjustments	21	30	51
At 31 December 2021	<b>1,005</b>	<b>942</b>	<b>1,947</b>
<u>Net book value</u>			
At 1 January 2020	337	42	379
At 31 December 2020	315	11	326
At 31 December 2021	<b>304</b>	<b>211</b>	<b>515</b>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

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

<u>Location of properties</u>	<u>Tenure</u>	<u>Gross land area (sqm)</u>	<u>Gross built-in area (sqm)</u>	<u>Existing use</u>
<i>Singapore</i>				
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
18 Pioneer Sector 1, Singapore 628428	44 years and 11 months lease with effect from 1 February 1979 and expiring in December 2023 <sup>#</sup>	8,426	1,837	Manufacture of lubricating oils and fluids
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
<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	18,569	203	Office

<sup>#</sup> Please refer to note 14 for more information.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 14. RIGHT-OF-USE ASSETS

	<b>Leased lands \$'000</b>	<b>Leased property \$'000</b>	<b>Total \$'000</b>
<b>Group</b>			
<u>Cost</u>			
At 1 January 2020	3,745	278	4,023
Additions	2,350	–	2,350
Foreign exchange adjustments	(26)	–	(26)
At 31 December 2020	6,069	278	6,347
Additions	–	159	159
Foreign exchange adjustments	28	–	28
At 31 December 2021	<b>6,097</b>	<b>437</b>	<b>6,534</b>
<u>Accumulated depreciation</u>			
At 1 January 2020	347	66	413
Depreciation for the year	321	93	414
Foreign exchange adjustments	(6)	–	(6)
At 31 December 2020	662	159	821
Depreciation for the year	315	96	411
Foreign exchange adjustments	2	–	2
At 31 December 2021	<b>979</b>	<b>255</b>	<b>1,234</b>
<u>Net book value</u>			
At 1 January 2020	3,398	212	3,610
At 31 December 2020	5,407	119	5,526
At 31 December 2021	<b>5,118</b>	<b>182</b>	<b>5,300</b>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

	<b>Leased land \$'000</b>
<b>Company</b>	
<u>Cost</u>	
At 1 January 2020	1,458
Foreign exchange adjustments	(26)
At 31 December 2020	1,432
Foreign exchange adjustments	28
At 31 December 2021	<b>1,460</b>
<u>Accumulated depreciation</u>	
At 1 January 2020	65
Depreciation for the year	67
Foreign exchange adjustments	(4)
At 31 December 2020	128
Depreciation for the year	65
Foreign exchange adjustments	4
At 31 December 2021	<b>197</b>
<u>Net book value</u>	
At 1 January 2020	1,393
At 31 December 2020	1,304
At 31 December 2021	<b>1,263</b>

### Allocation of depreciation expense

	<b>Group</b>	
	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Cost of sales	<b>315</b>	319
Administrative expenses	<b>96</b>	95
	<b>411</b>	414

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

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

	Leased lands		Leased property	
	2021	2020	2021	2020
Number of right-of-use assets	3	3	1	1
Remaining term (range)	9 to 22 years	10 to 23 years	1.25 years	1 year
Remaining term (average)	17 years	18 years	1.25 years	1 year
Number of leases with extension options	2	2	1	1

The leases are for production facilities and office space. These leases include three parcels of land leased from JTC starting from 1 April 1981, 1 February 1979 and 29 February 2008, respectively, for a period of 60 years, 44 years 11 months and 22 years 10 months, respectively.

The lease rental terms are negotiated for an average term of 13 years (2020: 14 years) and 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. For leases over building, the leases require those properties in a good state of repair and return the properties in their original condition at the end of the lease. Insurance and maintenance fees on right-of-use assets are usually required under the lease contracts.

As set out in note 13, the current lease of the Premise expires in 2023, and JTC made a conditional offer to APP to extend the lease term for an additional 20 years from 2024 to 2043 provided the designated subsidiaries, APP and/or APPL make(s) capital investment, comprising plant and machinery, building and civil works as well as refurbishment works of at least \$10,556,000 at the Premises by 4 July 2020. In 2021, JTC granted an extension of this deadline from 4 July 2022 to 4 January 2023. As at 31 December 2021, for the purpose of determining the lease term in the measurement of the right-of-use asset and lease liability, management has determined that it is reasonably certain for the Group to meet the conditions set by JTC and accordingly, the extension of 20 years of the lease has been used in the computation.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 15. GOODWILL

	Group	
	2021 \$'000	2020 \$'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 (2020: 3%). The estimated discount rate using pre-tax rate that reflects current market assessments at the risks specific to the CGU is 8.0% (2020: 9.7%).

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, the goodwill would have to be fully impaired. If 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.



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 \$'000	2020 \$'000
Unquoted equity shares at cost	<b>15,857</b>	16,147
Foreign exchange adjustments	<b>304</b>	(290)
	<b>16,161</b>	15,857
Less: Allowance for impairment	<b>(332)</b>	(195)
	<b>15,829</b>	15,662
Quasi-equity loan <sup>(#)</sup>	<b>1,871</b>	1,905
Foreign exchange adjustments	<b>36</b>	(34)
	<b>1,907</b>	1,871
	<b>17,736</b>	17,533

Movements in allowance for impairment are as follows:

At beginning of the year	<b>195</b>	–
Additions	<b>132</b>	203
Foreign exchange adjustments	<b>5</b>	(8)
At end of the year	<b>332</b>	195

(#) 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 2021

## 16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Information of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2021 %	2020 %
<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	<b>100</b>	100
APP <sup>(a)</sup>	Singapore	Importers and exporters, and blending of lubricating oil and grease	<b>100</b>	100
APPL <sup>(a)</sup>	Singapore	Manufacturing of lubricating oil; provision of oil blending service; and trading of base oil and lubricant components	<b>100</b>	100
GB Chemicals <sup>(a)</sup>	Singapore	Manufacturing and trading of cleaning and chemical products and trading of equipment	<b>100</b>	100
Axel Oil Pte Ltd <sup>(a)</sup>	Singapore	Dormant	<b>100</b>	100
AP Vietnam <sup>(a)</sup>	Singapore	Investment holding	<b>100</b>	100
Alpha Pacific Developments Holdings Pte Ltd <sup>(a)</sup>	Singapore	Dormant	<b>100</b>	100
AP Oil Singapore (Shanghai) Limited <sup>(b)</sup>	PRC	Wholesale, import and export of lubricating oil	<b>100</b>	100
<i>Held through APPL</i>				
AP Tang Mining Phil. Corporation <sup>(c)</sup>	Philippines	Dormant	<b>90</b>	90

(a) Audited by RSM Chio Lim LLP in Singapore.

(b) Audited by Zhongzhun Certified Public Accountants LLP, which is not a member firm of RSM International of which RSM Chio Lim 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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 17. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At beginning of the year	<b>2,570</b>	2,383	<b>506</b>	515
Share of results for the year <sup>(#)</sup>	<b>71</b>	324	-	-
Dividends	<b>(150)</b>	(133)	-	-
Foreign exchange adjustments	<b>18</b>	(4)	<b>10</b>	(9)
At end of the year	<b>2,509</b>	2,570	<b>516</b>	506

(#) 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Unquoted equity shares at cost	<b>1,831</b>	1,831	<b>534</b>	534
Share of post-acquisition results, net of dividends received	<b>1,180</b>	1,259	-	-
Foreign exchange adjustments	<b>(502)</b>	(520)	<b>(18)</b>	(28)
	<b>2,509</b>	2,570	<b>516</b>	506
Share of net book value of joint ventures	<b>2,509</b>	2,570	<b>516</b>	506

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Information on the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2021 %	2020 %
<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 Shanghai Dejun CPAs Office, which is not a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

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

### 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	
	2021 \$'000	2020 \$'000
Profit for the year	24	1
Net assets of joint venture	1,201	1,138

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

### 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	
	2021	2020
	\$'000	\$'000
Revenue	12,355	13,462
Profit for the year	415	938
Includes:		
– Depreciation and amortisation	(188)	(131)
– Interest income	359	472
– Interest expense	(161)	(143)
– Income tax expense	(129)	(234)
Current assets <sup>(a)</sup>	10,521	10,605
Non-current assets	641	568
Current liabilities	(4,848)	(4,491)
Non-current liabilities	–	(55)
Net assets	6,314	6,627
<sup>(a)</sup> Includes cash and cash equivalents	518	734

	Group	
	2021	2020
	\$'000	\$'000
<u>Reconciliation</u>		
Net assets of joint venture	6,314	6,627
Proportion of ownership interest	30%	30%
Other adjustments	2	2
Carrying amount of interest in joint venture	1,896	1,990

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 18. OTHER FINANCIAL ASSETS

	Group and Company	
	2021	2020
	\$'000	\$'000
Key man life insurance policy (note 18A)	954	907
Investment in equity interests of unquoted entity at FVTPL (note 18B)	5,665	4,823
	<b>6,619</b>	<b>5,730</b>

### 18A. Key man life insurance policy

	Group and Company	
	2021	2020
	\$'000	\$'000
At beginning of the year	907	896
Insurance premium recognised in profit or loss	(8)	(8)
Insurance interest income recognised in profit or loss (note 6)	37	37
Foreign exchange adjustments	18	(18)
At end of the year	<b>954</b>	<b>907</b>

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	
	2021	2020
	\$'000	\$'000
Fair value at beginning of the year	4,823	4,911
Fair value gain (note 6)	750	–
Foreign exchange adjustments	92	(88)
Fair value at end of the year	<b>5,665</b>	<b>4,823</b>

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”).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 18. OTHER FINANCIAL ASSETS (CONTINUED)

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

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, 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 and market approach. The assumptions used in the determination of fair value by Baker Tilly Consultancy (Singapore) Pte Ltd include the price-to-book range of 0.8 time to 1.1 times and a control premium of 23%.

## 19. OTHER ASSETS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Non-current assets</u>				
Prepayment for purchase of land <sup>(#)</sup>	<b>140</b>	197	–	–
<u>Current assets</u>				
Prepayments	<b>319</b>	395	<b>17</b>	17
Deposits to secure services	<b>568</b>	93	<b>2</b>	2
	<b>887</b>	488	<b>19</b>	19

(#) On 14 January 2008, a subsidiary entered into an agreement with a Vietnamese company with the intention of establishing a joint arrangement for the purpose of acquiring three parcels of land in Vietnam. For this purpose, AP Vietnam paid a deposit of US\$468,800. However, the land purchase and setting-up of the joint arrangement did not materialise eventually. On 4 November 2019, the subsidiary and the counter-party entered into an agreement pursuant to which both parties agreed to terminate the original arrangement and the deposit (including interest and other charges) will be refunded. In 2021, approximately US\$45,000 (2020: US\$320,000) was received. The balance prepayment outstanding as at year end, amounting to approximately US\$104,000 (equivalent to \$140,000) (2020: US\$149,000 (equivalent to \$197,000)), has been classified as non-current asset because management does not expect the amount to be settled within the next 12 months.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 20. INVENTORIES

	Group	
	2021 \$'000	2020 \$'000
Finished goods and goods for resale	2,316	2,551
Raw materials	6,251	5,693
	<b>8,567</b>	<b>8,244</b>

	Group	
	2021 \$'000	2020 \$'000
Raw materials used	39,194	42,050
Write (back)/down of inventories to profit or loss included in cost of sales	(109)	130
Changes in inventories of finished goods and goods for resale	(235)	(132)

There are no inventories pledged as security for liabilities.

## 21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade receivables</u>				
Outside parties	4,731	4,638	-	-
Joint venture	1,411	364	-	-
Less: Allowance for impairment	(103)	(25)	-	-
	<b>6,039</b>	<b>4,977</b>	<b>-</b>	<b>-</b>
<u>Other receivables</u>				
Other receivables	7	3	7	-
Subsidiaries	-	-	13,922	8,689
	<b>7</b>	<b>3</b>	<b>13,929</b>	<b>8,689</b>
	<b>6,046</b>	<b>4,980</b>	<b>13,929</b>	<b>8,689</b>

Movements in allowance for impairment are as follows:

At beginning of the year	25	2	-	-
Charge for trade receivables to profit or loss included in other losses (note 6)	76	25	-	-
Amounts utilised	-	(2)	-	-
Foreign exchange adjustments	2	-	-	-
At end of the year	<b>103</b>	<b>25</b>	<b>-</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 21. TRADE AND OTHER RECEIVABLES (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:

Group	Gross amount		ECL rate		Loss allowance	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	%	%	\$'000	\$'000
Current	4,494	3,638	0.02	0.03	1	1
1 to 30 days past due	1,012	750	0.20	0.27	2	2
31 to 60 days past due	357	270	0.84	0.74	3	2
Over 60 days past due	279	344	2.15	3.28	97	20
	<b>6,142</b>	<b>5,002</b>			<b>103</b>	<b>25</b>

The trade receivables are considered to have low credit risk individually. The loss allowance as at 31 December 2021 was determined to be insignificant by management. As at 31 December 2021, loss allowance over 60 days past due includes specific allowance of \$93,000 (2020: \$9,000).

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 (2020: 30 to 90 days). However, certain customers may take a longer period to settle the amounts.

Concentration of trade receivable customers at end of reporting year:

	Group	
	2021	2020
	\$'000	\$'000
Top 1 customer	1,411	810
Top 2 customers	2,013	1,174
Top 3 customers	<b>2,338</b>	<b>1,507</b>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 21. TRADE AND OTHER RECEIVABLES (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. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not restricted in use	<b>32,775</b>	35,735	<b>4,420</b>	8,200
Interest earning balances <sup>(#)</sup>	<b>29,957</b>	33,806	<b>4,232</b>	8,033

(#) The rate of interest for cash on interest earning balances was between 0.0025% and 0.60% (2020: 0.0015% and 1.51%) per annum.

### 22A. Cash and cash equivalents in statement of cash flows

	Group	
	2021 \$'000	2020 \$'000
Cash and cash equivalents for statement of cash flows purposes at end of the year	<b>32,775</b>	35,735

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 22. CASH AND CASH EQUIVALENTS (CONTINUED)

### 22B. Reconciliation of liabilities arising from financing activities

	<b>Bank loans</b>	<b>Lease liabilities</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>			
At 1 January 2020	6,149	3,678	9,827
Cash flows	(46)	(347)	(393)
Interest expense	98	–	98
Non-cash transactions	(2)	2,355	2,353
At 31 December 2020	6,199	5,686	11,885
Cash flows	(959)	(505)	(1,464)
Interest expense	84	147	231
Non-cash transactions	–	159	159
At 31 December 2021	<b>5,324</b>	<b>5,487</b>	<b>10,811</b>

## 23. SHARE CAPITAL

	<b>Company</b>	
	<b>Number of shares issued</b>	<b>Share capital</b>
	<b>'000</b>	<b>\$'000</b>
At 1 January 2020, 31 December 2020 and 31 December 2021	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.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 23. SHARE CAPITAL (CONTINUED)

### Capital management (Continued)

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).

Management monitors the capital on the basis of the debt-to-adjusted capital ratio. There are loans and borrowings but these are secured by specific assets. The debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from 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.

## 24. OTHER RESERVES

	Capital reserve <sup>(#)</sup> \$'000	Foreign currency translation reserve \$'000	Total \$'000
<b>Group</b>			
At 1 January 2020	5,230	(1,358)	3,872
Exchange difference on translation from functional currency to presentation currency	–	(660)	(660)
Share of other comprehensive income from equity-accounted joint ventures, net of tax	–	27	27
At 31 December 2020	5,230	(1,991)	3,239
Exchange difference on translation from functional currency to presentation currency	–	875	875
Share of other comprehensive loss from equity-accounted joint ventures, net of tax	–	(15)	(15)
At 31 December 2021	<b>5,230</b>	<b>(1,131)</b>	<b>4,099</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 24. OTHER RESERVES (CONTINUED)

	<b>Foreign currency translation reserve \$'000</b>
<b>Company</b>	
At 1 January 2020	(1,079)
Exchange difference on translation from functional currency to presentation currency	(688)
At 31 December 2020	(1,767)
Exchange difference on translation from functional currency to presentation currency	742
At 31 December 2021	<b>(1,025)</b>

## 25. LOANS AND BORROWINGS

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Non-current liabilities</u>		
Bank loans (secured) with floating interest rate	<b>4,210</b>	5,320
<u>Current liabilities</u>		
Bank loans (secured) with floating interest rate	<b>1,114</b>	879

The loans were obtained by the Group to finance the cost of construction and redevelopment of the property at 18 Pioneer Sector 1, Singapore 628428. The loans are secured by mortgage on the leasehold property (see note 13) and are repayable by equal monthly instalment over seven years from the issuance of TOP on 6 February 2020.

The floating rate interest rates paid were as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
Bank loans (secured)	<b>1.41% to 1.44%</b>	1.41% to 2.77%

At end of reporting year, the non-current portion is repayable as follows:

Due within two to five years	<b>4,210</b>	4,538
After five years	-	782
	<b>4,210</b>	5,320

The carrying amount is a reasonable approximation of the fair value measurement of the loans and borrowings (Level 2).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 26. LEASE LIABILITIES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Lease liabilities, current	410	358	53	52
Lease liabilities, non-current	5,077	5,328	1,272	1,325
	<b>5,487</b>	<b>5,686</b>	<b>1,325</b>	<b>1,377</b>

Movements in lease liabilities are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At beginning of the year	5,686	3,678	1,377	1,427
Additions	159	2,350	-	-
Interest	147	30	36	37
Repayments	(505)	(347)	(88)	(88)
Foreign exchange adjustments	-	(25)	-	1
At end of the year	<b>5,487</b>	<b>5,686</b>	<b>1,325</b>	<b>1,377</b>

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

	Group	
	2021	2020
Weighted average incremental borrowing rate applied to lease liabilities	<b>1.43% to 2.68%</b>	2.68%

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, residual value guarantees, 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 2021

## 26. LEASE LIABILITIES (CONTINUED)

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

	Minimum payments <sup>(#)</sup> \$'000	Finance charges \$'000	Present value \$'000
<b>Group</b>			
<b><u>2021</u></b>			
Due within one year	550	(140)	410
Due within two to five years	1,651	(478)	1,173
Due after five years	4,706	(802)	3,904
	<u>6,907</u>	<u>(1,420)</u>	<u>5,487</u>
<b><u>2020</u></b>			
Due within one year	505	(147)	358
Due within two to five years	1,637	(508)	1,129
Due after five years	5,109	(910)	4,199
	<u>7,251</u>	<u>(1,565)</u>	<u>5,686</u>
<b>Company</b>			
<b><u>2021</u></b>			
Due within one year	88	(35)	53
Due within two to five years	351	(124)	227
Due after five years	1,257	(212)	1,045
	<u>1,696</u>	<u>(371)</u>	<u>1,325</u>
<b><u>2020</u></b>			
Due within one year	88	(36)	52
Due within two to five years	351	(130)	221
Due after five years	1,345	(241)	1,104
	<u>1,784</u>	<u>(407)</u>	<u>1,377</u>

(#) Refer to gross lease liabilities in note 29E.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 26. LEASE LIABILITIES (CONTINUED)

The cash outflow for leases for the year ended 31 December 2021 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 asset, or profit and loss if the right-of-use asset 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).

Please also refer to note 14 for more information on the determination of lease term for the purpose of measuring lease liabilities.

## 27. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade payables</u>				
Outside parties and accrued liabilities	<b>4,182</b>	5,744	<b>639</b>	476
<u>Other payables</u>				
Subsidiaries	–	–	<b>1,660</b>	1,430
Refundable deposits from customers	<b>186</b>	190	–	–
Contract liabilities (note 27A)	<b>763</b>	1,104	–	–
Other payables	<b>110</b>	326	–	–
	<b>1,059</b>	1,620	<b>1,660</b>	1,430
	<b>5,241</b>	7,364	<b>2,299</b>	1,906



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 27. TRADE AND OTHER PAYABLES (CONTINUED)

### 27A. Contract liabilities

	Group	
	2021 \$'000	2020 \$'000
Advance payments from customers	<u>763</u>	<u>1,104</u>
Movements in contract liabilities are as follows:		
At beginning of the year	1,104	654
Consideration received	763	1,104
Performance obligation satisfied – revenue recognised	<u>(1,104)</u>	<u>(654)</u>
At end of the year	<u>763</u>	<u>1,104</u>

## 28. 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	
	2021 \$'000	2020 \$'000
Commitments to purchase plant and equipment	<u>1,386</u>	<u>202</u>

## 29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### 29A. Categories of financial assets and liabilities

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Financial assets</u>				
Financial assets at amortised cost	39,775	41,622	19,303	17,796
Financial assets at FVTPL	<u>5,665</u>	<u>4,823</u>	<u>5,665</u>	<u>4,823</u>
	<u>45,440</u>	<u>46,445</u>	<u>24,968</u>	<u>22,619</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

### 29A. Categories of financial assets and liabilities (Continued)

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial liabilities				
Financial liabilities at amortised cost	<b>15,289</b>	18,145	<b>3,624</b>	3,283

Further quantitative disclosures are included throughout these financial statements.

### 29B. 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 2021

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

### 29C. Fair value of financial instruments

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

### 29D. Credit risk on financial assets

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

For credit risk on trade receivables and other financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

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

### 29E. 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 (2020: 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 2021

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

### 29E. Liquidity risk (Continued)

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

	Less than 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Group</b>				
<b>2021</b>				
Loans and borrowings	1,183	4,323	–	5,506
Gross lease liabilities (note 26)	550	1,651	4,706	6,907
Trade and other payables <sup>(#)</sup>	4,478	–	–	4,478
	<b>6,211</b>	<b>5,974</b>	<b>4,706</b>	<b>16,891</b>
<b>2020</b>				
Loans and borrowings	962	4,717	786	6,465
Gross lease liabilities (note 26)	505	1,637	5,109	7,251
Trade and other payables <sup>(#)</sup>	6,260	–	–	6,260
	<b>7,727</b>	<b>6,354</b>	<b>5,895</b>	<b>19,976</b>

(#) Excludes contract liabilities.

	Less than 1 year \$'000	1 – 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Company</b>				
<b>2021</b>				
Gross lease liabilities (note 26)	88	351	1,257	1,696
Trade and other payables	2,299	–	–	2,299
	<b>2,387</b>	<b>351</b>	<b>1,257</b>	<b>3,995</b>
<b>2020</b>				
Gross lease liabilities (note 26)	88	351	1,345	1,784
Trade and other payables	1,906	–	–	1,906
	<b>1,994</b>	<b>351</b>	<b>1,345</b>	<b>3,690</b>

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

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 the reporting year, no claims on financial guarantees are expected.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

### 29F. 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Financial assets with interest</u>				
Fixed rate	<b>24,588</b>	28,422	<b>3,537</b>	7,783
Floating rate	<b>5,369</b>	5,384	<b>695</b>	250
	<b>29,957</b>	33,806	<b>4,232</b>	8,033
<u>Financial liabilities with interest</u>				
Fixed rate	<b>5,487</b>	5,686	<b>1,325</b>	1,377
Floating rate	<b>5,324</b>	6,199	-	-
	<b>10,811</b>	11,885	<b>1,325</b>	1,377

	Group	
	2021 \$'000	2020 \$'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>54</b>	54

	Group	
	2021 \$'000	2020 \$'000
<u>Financial liabilities (floating rate)</u>		
A hypothetical increase in interest rates by 100 basis points with all other variables held constant would decrease pre-tax profit for the year by	<b>(53)</b>	(62)

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).

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

### 29G. 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.

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

	USD \$'000	SGD \$'000	Other currencies \$'000	Total \$'000
<b>Group</b>				
<b>2021</b>				
<u>Financial assets</u>				
Cash and cash equivalents	521	2,167	23	2,711
Trade and other receivables	1,518	1,126	-	2,644
	<u>2,039</u>	<u>3,293</u>	<u>23</u>	<u>5,355</u>
<u>Financial liabilities</u>				
Trade and other payables	(423)	(3,485)	(126)	(4,034)
Loans and borrowings	-	(5,324)	-	(5,324)
Lease liabilities	-	(1,325)	-	(1,325)
	<u>(423)</u>	<u>(10,134)</u>	<u>(126)</u>	<u>(10,683)</u>
	<u>1,616</u>	<u>(6,841)</u>	<u>(103)</u>	<u>(5,328)</u>
<b>2020</b>				
<u>Financial assets</u>				
Cash and cash equivalents	248	1,414	3	1,665
Trade and other receivables	1,348	1,064	-	2,412
	<u>1,596</u>	<u>2,478</u>	<u>3</u>	<u>4,077</u>
<u>Financial liabilities</u>				
Trade and other payables	(69)	(3,810)	(148)	(4,027)
Loans and borrowings	-	(6,199)	-	(6,199)
Lease liabilities	-	(1,377)	-	(1,377)
	<u>(69)</u>	<u>(11,386)</u>	<u>(148)</u>	<u>(11,603)</u>
	<u>1,527</u>	<u>(8,908)</u>	<u>(145)</u>	<u>(7,526)</u>

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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

### 29G. Foreign currency risks (Continued)

	SGD \$'000	Other currencies \$'000	Total \$'000
<b>Company</b>			
<b>2021</b>			
<u>Financial assets</u>			
Cash and cash equivalents	752	1	753
Trade and other receivables	2,514	-	2,514
	<u>3,266</u>	<u>1</u>	<u>3,267</u>
<u>Financial liabilities</u>			
Trade and other payables	(639)	-	(639)
Lease liabilities	(1,325)	-	(1,325)
	<u>(1,964)</u>	<u>-</u>	<u>(1,964)</u>
	<u>1,302</u>	<u>1</u>	<u>1,303</u>
<b>2020</b>			
<u>Financial assets</u>			
Cash and cash equivalents	320	1	321
Trade and other receivables	2,741	-	2,741
	<u>3,061</u>	<u>1</u>	<u>3,062</u>
<u>Financial liabilities</u>			
Trade and other payables	(476)	-	(476)
Lease liabilities	(1,377)	-	(1,377)
	<u>(1,853)</u>	<u>-</u>	<u>(1,853)</u>
	<u>1,208</u>	<u>1</u>	<u>1,209</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 2021

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

### 29G. Foreign currency risks (Continued)

Sensitivity analysis for significant items

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
A hypothetical 10% depreciation in exchange rate of functional currency against USD would have a favourable effect on profit before tax of	162	153	-	-
A hypothetical 10% depreciation in exchange rate of functional currency against SGD would have a (adverse)/favourable effect on profit before tax of	(684)	(891)	130	121

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.

### 29H. 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 and sensitivity analysis are disclosed in note 18.

## 30. AUDITORS' REMUNERATION

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

	Group	
	2021 \$'000	2020 \$'000
Audit fees to independent auditor of the Company	147	147
Other fees to independent auditor of the Company	27	29
Audit fees to other independent auditors	5	5
Other fees to other independent auditors	19	8



# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

## 31. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For current reporting year, new or revised SFRS(I) were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

<b>SFRS (I) No.</b>	<b>Title</b>
SFRS (I) 1-39; 7 and 9	Interest Rate Benchmark Reform – Amendments
SFRS (I) 16	Covid-19 Related Rent Concessions – Amendment

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

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

<b>SFRS (I) No.</b>	<b>Title</b>	<b>Effective date for periods beginning on or after</b>
SFRS (I) 16	Covid-19 – Related Rent Concessions beyond 30 June 2021 – Amendments	1 April 2021
SFRS (I) 3	Definition of a Business – Reference to the Conceptual Framework – Amendments	1 January 2022
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments	1 January 2022
SFRS (I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments	1 January 2022
SFRS (I) 9	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 January 2022
Various	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
SFRS (I) 1-1	Presentation of Financial Statements – Amendment relating to Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 1-1 and SFRS(I) PS 2	Disclosure of Accounting Policies – Amendments	1 January 2023
SFRS(I) 1-8	Definition of Accounting Estimates – Amendments	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments	1 January 2023
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 18 MARCH 2022

Issued and fully paid share capital	: SGD 6,605,611.78
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		No. of Shares	
		%		%
1 – 99	33	2.41	1,348	0.00
100 – 1,000	132	9.66	64,225	0.04
1,001 – 10,000	444	32.48	2,739,707	1.67
10,001 – 1,000,000	743	54.35	39,790,148	24.18
1,000,001 and above	15	1.10	121,935,744	74.11
<b>Total:</b>	<b>1,367</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 18 March 2022, 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 (He Qihong)	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 18 MARCH 2022

## AP OIL INTERNATIONAL LIMITED

Twenty Largest Shareholders as at 18 March 2022

	<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	5,364,200	3.26
5	RAFFLES NOMINEES (PTE) LIMITED	5,160,300	3.14
6	NEO BENG BENG	3,221,000	1.96
7	LAU TONG HONG	3,037,500	1.85
8	HO AYE ENG	2,808,175	1.71
9	ONG LAY CHOO (WANG LIZHU)	2,309,000	1.40
10	UOB KAY HIAN PTE LTD	2,301,200	1.40
11	PHILLIP SECURITIES PTE LTD	1,815,332	1.10
12	HAN SEE KWANG	1,531,800	0.93
13	ONG KIAN KOK	1,508,000	0.92
14	ABN AMRO CLEARING BANK N.V.	1,241,800	0.75
15	NG ZHENG XIONG	1,231,000	0.75
16	CHEE KWAI FUN (ZHU GUIFEN)	1,000,000	0.61
17	HAN CHOON SIANG	862,000	0.52
18	GU JIAN LIN	822,400	0.50
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	807,038	0.49
20	CHOO YUIN TIEN	715,312	0.43
	<b>TOTAL</b>	<b>126,142,494</b>	<b>76.67</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2022 Annual General Meeting of the members of the Company will be convened and held by way of electronic means on 28 April 2022 at 2.00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

## AS ORDINARY BUSINESS

- |    |   |              |
|----|---|--------------|
| 1. | To receive and consider the Directors' Statements and Audited Financial Statements of the Company for the year ended 31 December 2021 and the Auditors' Report thereon. | Resolution 1 |
| 2. | To declare a final exempt (one-tier) dividend of 1 cent per ordinary share for the year ended 31 December 2021.   | Resolution 2 |
| 3. | To re-elect Dr Ho Leng Woon, retiring pursuant to the Company's Constitution and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").    | Resolution 3 |
| 4. | To re-elect Mdm Lau Woon Chan, retiring pursuant to the Company's Constitution and the Listing Manual of the SGX-ST.  | Resolution 4 |
| 5. | To approve the Directors' Fees of SGD90,000/- for the year ending 31 December 2022, payable half-yearly in arrears.   | Resolution 5 |
| 6. | To re-appoint Messrs RSM Chio Lim LLP as the Auditors for the year and to authorise the Directors of the Company to fix their remuneration.                             | Resolution 6 |

## AS SPECIAL BUSINESS

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

- |    |                                     |              |
|----|-------------------------------------|--------------|
| 7. | <b>Proposed Share Issue Mandate</b> | Resolution 7 |
|----|-------------------------------------|--------------|

"That pursuant to Section 161 of the Companies Act 1967 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,

# NOTICE OF ANNUAL GENERAL MEETING

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 sub-paragraph (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;
  - (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)]

8. And 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.

## BY ORDER OF THE BOARD

LAU TAI CHONG  
Company Secretary

Date: 8 April 2022

## Notes:

- (a) A Shareholder (including a relevant intermediary\*) entitled to vote at the Annual General Meeting (the "AGM") must appoint Chairman of the AGM to act as proxy and direct the vote at the AGM.
- (b) The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.
- (c) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.
- (d) In the case of joint shareholders, all holders must sign the form of proxy.
- (e) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 18 Pioneer Sector 1, Singapore 628428, not less than 48 hours before the time appointed for holding the Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## IMPORTANT NOTICE TO SHAREHOLDERS ON ALTERNATIVE ARRANGEMENTS FOR THE ANNUAL GENERAL MEETING ("AGM"):

In view of the safe distancing regulations to hold physical meeting, to minimize physical interaction and COVID-19 transmission risks, the Company will conduct its AGM by electronic means pursuant to the COVID-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice of AGM ("Notice"), the proxy form and the FY2021 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>). Alternative arrangements relating to, among others, attendance at the AGM by way of electronic means (arrangements by which the AGM can be electronically accessed via live audio-visual webcast), submission of questions in advance of the AGM, addressing of substantial and relevant questions at the AGM and/or voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below.

Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, a Shareholder (*including a relevant intermediary\**) will not be able to attend the AGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM.

- \* Pursuant to Section 181 of the Companies Act 1967 of Singapore, any shareholder who is a relevant intermediary is entitled to appoint the Chairman of the AGM to attend and vote at the AGM. 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.

Shareholders may participate at the AGM by electronic means by taking note of the following steps:

### 1. Registration for Live Webcast

A Shareholder will be able to follow the proceedings of the AGM through a live audio-visual webcast ("Live Webcast") via mobile phone, tablet, computer or any such electronic device. Shareholder must follow those steps:– Pre-register by 2.00 p.m. on 22 April 2022 ("Registration Deadline"), by registering at <http://AP-OIL-AGM-FY2022.availeasemgdwebinar.com>. Shareholders must provide the Company with their particulars (comprising full name (for individual)/company name (for corporate), email address, contact number, NRIC/passport number/company registration number, shareholding type and number of shares held). Shareholders who have been authenticated will receive an email instruction to access the live webcast by 2.00 p.m. on 27 April 2022. Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to participate in the AGM 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 by electronic means.

# NOTICE OF ANNUAL GENERAL MEETING

## 2. Submission of questions in advance

Shareholders will not be able to speak or ask questions during the live webcast, therefore it is important for them to submit their questions in advance of the AGM. All questions must be submitted by 2.00 p.m. on 18 April 2022 to the Company:

- (a) By email to [interns1@apoil.com.sg](mailto:interns1@apoil.com.sg)
- (b) 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. The Company will address the substantial queries from Shareholders and upload the Company's responses on the SGX website before the AGM is held. 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. 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.

## 3. Proxy Voting

A Shareholder (including a relevant intermediary) will not be able to attend the AGM physically in person. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The proxy form appointing the Chairman of the AGM as proxy is in the Annual Report 2021 and uploaded with this Notice of AGM on SGX website. Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstention from voting, in the proxy form, failing which the appointment will be treated as invalid. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:

- (a) if by post, to the Share Registrar of the Company, Tricor Barbinder Share Registration Services, 80, Robinson Road, #11-02, Singapore 068898; (Opening Hours is 9 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
- (b) 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 26 April 2022 and at any adjournment thereof.

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 address provided above, or scanning and sending it by email to the email address provided above. Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and



# NOTICE OF ANNUAL GENERAL MEETING

wish to appoint the Chairman of the AGM as proxy, should approach their respective agents, including CPF Agent Banks and SRS Operators, to submit their votes at least seven (7) working days before the AGM (i.e. by 2.00 p.m. on 19 April 2022) 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.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (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 26 April 2022. 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 Chairman of the AGM as proxy.

The Annual Report 2021 has been uploaded on SGX website on 8 April 2022. Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGX website. Shareholders are advised to check the SGX website regularly for update on the AGM.

## Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the AGM as proxy to attend and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via Live Webcast, or (c) submitting any question prior to the AGM in accordance with this Notice, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the Live Webcast to observe the proceedings of the AGM and providing them with any technical assistance where necessary;
- (iii) addressing substantial and relevant questions from Shareholders received before the AGM and if necessary, following up with the relevant Shareholders in relation to such questions;
- (iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

# AP OIL INTERNATIONAL LIMITED

Registration No. 197502257M  
(Incorporated in the Republic of Singapore)

## Question form

**Event : 2022 Annual General Meeting ("AGM")**

**Date : 28 April 2022 (Thursday)**

**Time : 2.00 p.m.**

**Please note that shareholders will not be able to ask questions "live" at the AGM webcast. 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., 18 April 2022 (Monday).**

**Please complete all fields below. Incomplete or improperly completed form 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 2022



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

# 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 2019 to 31 December 2021.

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 standards, 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 a GRI Index to indicate the location of the relevant disclosures. 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 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 were used to ensure the accuracy of reported information. Our ESG performance data is reported in good faith and to the best of our knowledge. We have not obtained external assurance for this Sustainability Report.

### Feedback

We welcome stakeholders' comment and question regarding the content of this report.

# SUSTAINABILITY REPORT

ESG PERFORMANCE			
MATERIAL ESG FACTORS	2019	2020	2021
<b>ENVIRONMENTAL</b>			
CO <sub>2</sub> emissions (t)	346	333	<b>320</b>
Electricity used (kWh)	497,670	506,180	<b>491,795</b>
Water consumption (m <sup>3</sup> )	11,025	9,424	<b>13,673</b>
Wastewater (Tonne)	Nil	Nil	<b>1</b>
Hazardous waste (Kg)	54,046	62,090	<b>79,108</b>
<b>SOCIAL</b>			
<b>Employees</b>			
Permanent employees	109	111	<b>98</b>
New hires	23	25	<b>17</b>
Female employees – %	32	32	<b>34</b>
Female Managers and Supervisors – %	31	24	<b>14</b>
Female Heads of Department (HODs) – %	36	38	<b>36</b>
Training expenditure per employee (\$)	104	56	<b>19</b>
Employee turnover rate (%)	21	20	<b>33</b>
Fatal Accidents	zero	zero	<b>zero</b>
<b>FINANCIAL (\$'000)</b>			
Revenue	62,841	57,149	<b>55,614</b>
Profit net of tax	2,348	2,153	<b>2,741</b>
Employee wages and benefits	7,065	6,711	<b>7,122</b>
Dividends paid to shareholders	823	1,234	<b>823</b>

**Note:**

1. ESG performance data relates to the Major Subsidiaries.
2. Wastewater data refers to GB Chemicals; Nil balances were due to waste water neutralised for reuse.

# 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
Customers	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.
Employees	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.
Suppliers and vendors	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
Government and regulators	<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>	Implementing policy and procedure to comply with regulation, and keeping updated with latest regulation.
Community	Community initiative, website, and Sustainability Report.	Responsible company, good corporate citizen and offer employment opportunities.	Ensuring safe manufacturing and distribution operation, and ISO 14001:2015 certification for environmental protection and ISO 45001:2018 certification for health and safety.
Shareholders and investors	Annual General Meeting, Board meeting, annual report and update on website.	Corporate governance, timely communication and update, financial performance, profit and dividend.	Good corporate governance, competent management team, annual reports, timely update and disclosure through the Singapore Exchange.

## 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
- 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 certification 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 occurring in the Major Subsidiaries and the extent of involvement is presented below.

Material ESG Topics	Group Involvement
<b>ENVIRONMENT</b>	
Energy	Direct
GHG emissions	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 more important certification includes:

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- 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 for 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 degree Celsius, 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

We support 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 reducing 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. We currently measure and monitor our carbon dioxide emissions under scope-1 and scope-2 as set out in the GHG Protocol.

Our carbon emissions footprint is presented below:

Carbon Dioxide (CO <sub>2</sub> ) Emission	2019	2020	2021
Mobile	94	78	<b>75</b>
Stationary	42	41	<b>37</b>
<b>Scope 1</b>	136	119	<b>112</b>
Purchased Electricity	210	214	<b>208</b>
<b>Scope 2</b>	210	214	<b>208</b>
<b>Total</b>	346	333	<b>320</b>

## 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.

## **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 significant spill in the reported period.

# SUSTAINABILITY REPORT

## Employee Awareness

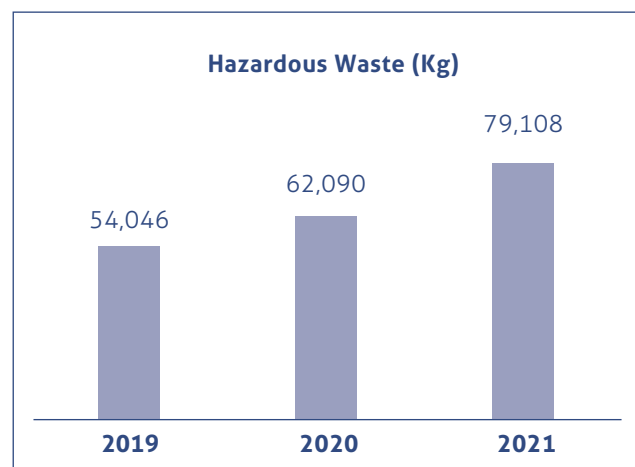
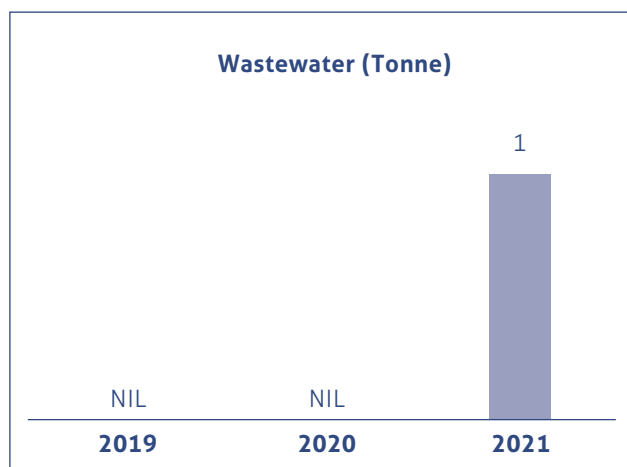
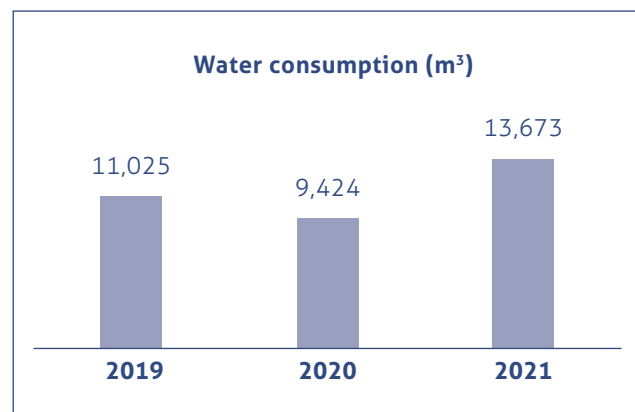
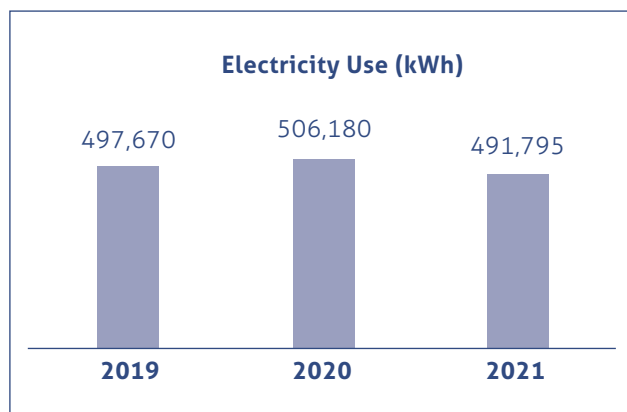
We believe employees play a crucial role in preventing and managing environmental risks. We have an ongoing employee education program to promote environmental awareness. The production and engineering departments periodically review work instruction and method to minimise hazards.

## Environmental Compliance

The Group is committed to complying with applicable environmental regulations as well as international standards which we subscribe. Our target is zero incidents 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 2021, we employed 98 people in Singapore, was 111 in the prior year. Production, clerical and other non-executive jobs accounted for 34% 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 2021, women represented 34% of our workforce even though it's challenging to attract women employees to work in chemicals manufacturing operation. Women held 14% of supervisory and managerial jobs, and 36% of the Head of Department level position.

### Hiring

Our policy is to hire on merit and qualification. In 2021, we hired 17 new employees, 5 were women; 29% was below the 30 years age group; 47% in the 30 to 50 years age group and balance 24% 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.

# SUSTAINABILITY REPORT

## 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.

## 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 2021, the employee departures in 2020 and 2021 at the Major Subsidiaries were:

	Employee Departure			
	2020	2020	2021	2021
	Male	Female	Male	Female
AP Oil	9	8	14	3
A.I.M. Chemical	0	0	3	1
GB Chemicals	3	2	11	4

## 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.

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.

# SUSTAINABILITY REPORT

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.

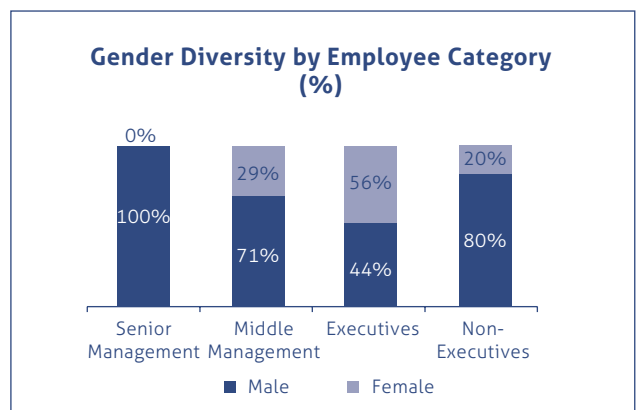
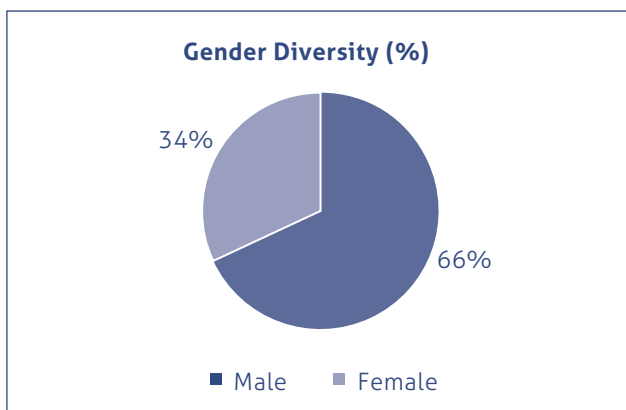
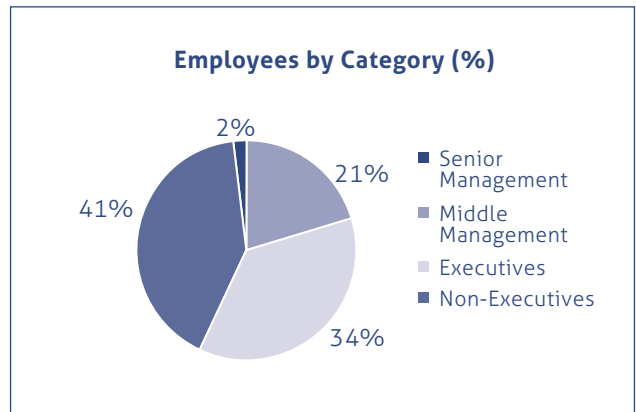
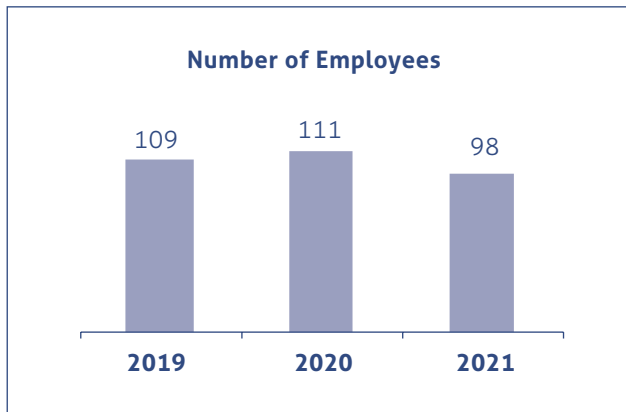
There were no fatal accidents and no reportable incidents of occupational disease during the reported period.

## 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.

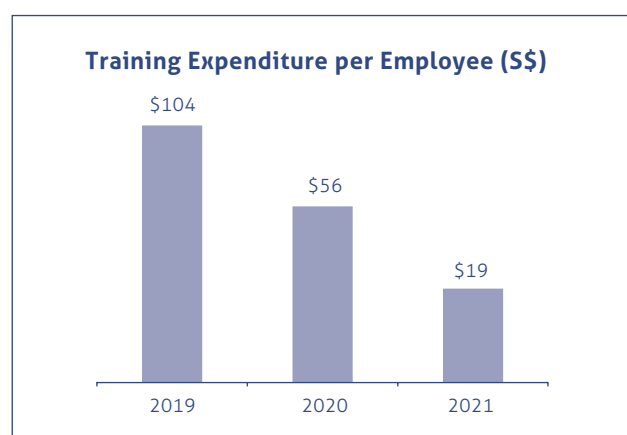
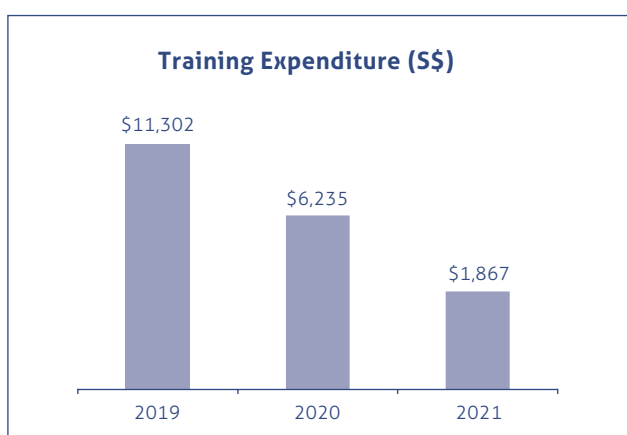
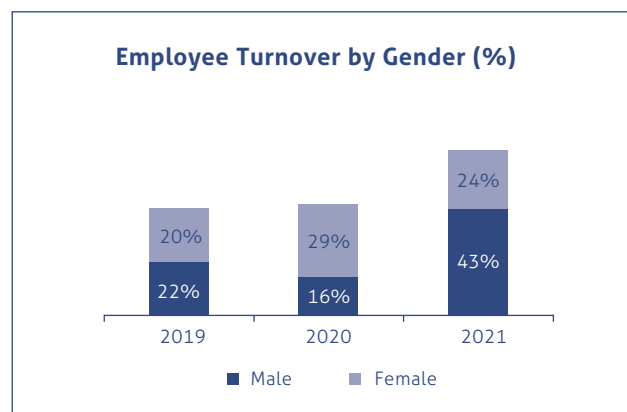
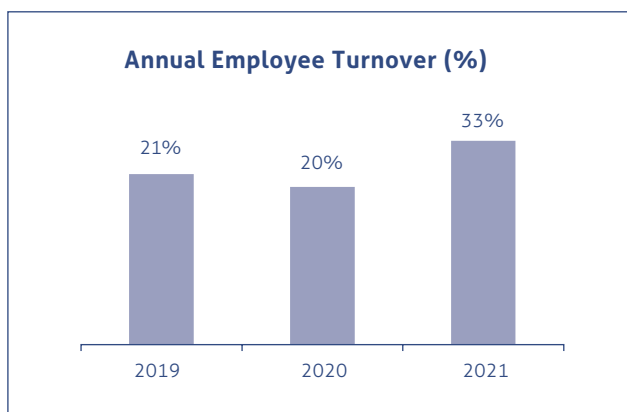
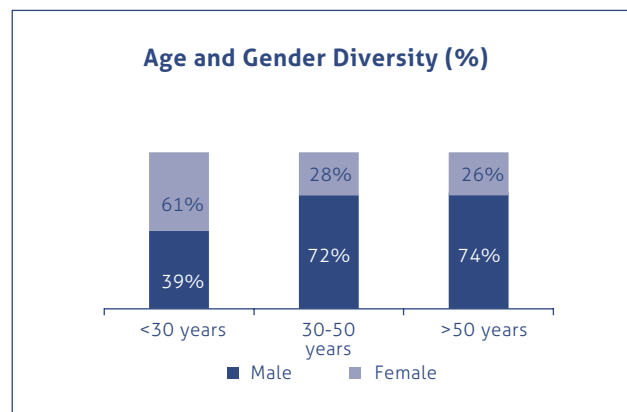
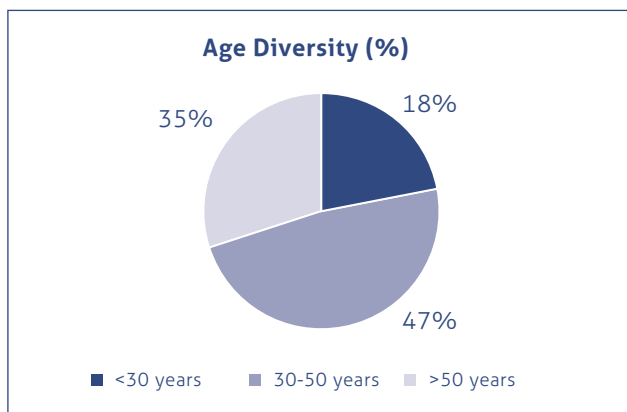
There was no incident of child labour, forced labour or discrimination in the reported period.

## People Performance





# 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.

# SUSTAINABILITY REPORT

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 the ISO 14001 and the 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, including Daimler Chrysler, MB, MACK, Volvo, Renault and MTU.

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 2021.

## **Research and Development ("R&D")**

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.

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.

# SUSTAINABILITY REPORT

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.

## 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)			
	2019	2020	2021
Revenue	62,841	57,149	<b>55,614</b>
Profit After Tax	2,348	2,153	<b>2,741</b>
Employee benefits	7,065	6,711	<b>7,122</b>
Income tax expense	452	357	<b>234</b>
Dividends declared	1,234	823	<b>1,645</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.

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

GRI Content Index 'In accordance' – Core		
GRI Standard	Disclosure	Page Number(s) and/or URL(s)
<b>GRI 101: Foundation 2016</b> (GRI 101 does not include any GRI standards, it sets out the reporting principles for report content and quality)		
<b>General Disclosures</b>		
<b>GRI102: General Disclosures 2016</b>	<b>Organisational Profile</b>	
	102-1 Name of the organisation	AP Oil International Limited
	102-2 Activities, brands, products, and services	AR
	102-3 Location of headquarters	Singapore
	102-4 Location of operations	Back Cover
	102-5 Ownership and legal form	120-121
	102-6 Markets served	1
	102-7 Scale of the organisation	130
	102-8 Information on employees and other workers	140-143
	102-9 Supply chain	145
	102-10 Significant changes to the organisation and its supply chain	None
	102-11 Precautionary Principle or approach	130, 136
	102-12 External initiatives	132-133
	102-13 Membership of associations	133
	<b>Strategy</b>	
	102-14 Statement from senior decision-maker	132-134
	<b>Ethics and Integrity</b>	
102-16 Values, principles, standards, and norms of behaviour	3-4	
<b>Governance</b>		
102-18 Governance structure	18-47	

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	102-40 List of stakeholder groups	132-133
	102-41 Collective bargaining agreements	142
	102-42 Identifying and selecting stakeholders	132-133
	102-43 Approach to stakeholder engagement	132-133
	102-44 Key topics and concerns raised	132-133
	<b>Reporting Practice</b>	
	102-45 Entities included in the consolidated financial statements	96, 98
	102-46 Defining report content and topic Boundaries	130
	102-47 List of material topics	135
	102-48 Restatements of information	None
	102-49 Changes in reporting	130
	102-50 Reporting period	130
	102-51 Date of most recent report	9 April 2021
	102-52 Reporting cycle	130
	102-53 Contact point for questions regarding the report	Back Cover
	102-54 Claims of reporting in accordance with the GRI Standards	130
	102-55 GRI content index	146-150
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GRI 201: Economic performance	201-1 Direct economic value generated and distributed	131, 145
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GRI 103: Management approach	103-1 Explanation of the material topic and its Boundaries	135
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	103-3 Evaluation of the management approach	130
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	103-2 The management approach and its components	130
	103-3 Evaluation of the management approach	130
GRI 305: Emissions	305-1 Direct (scope 1) GHG emissions	137
	305-2 Energy indirect (Scope 2) GHG emissions	137
<b>Effluents and waste</b>		
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	403-2 Types of injury and rate of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	131, 142
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<b>Diversity and Equal Opportunity</b>		
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	416-2 Incidents of non-compliance concerning the health and safety of products and services	143-145



## AP OIL INTERNATIONAL LIMITED

Registration No. 197502257M

### IMPORTANT:

1. The Annual General Meeting (the "Meeting") is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of Meeting has been published on 8 April 2022 on the SGX website and the Company's website at apoil.com.sg.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast ("Live Webcast"), submission in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying section entitled "Important Notice to Shareholders" of the Notice of AGM. For the avoidance of doubt, the aforesaid section is circulated together with and forms part of the Notice of AGM in respect of the AGM.
3. Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.
4. 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.
5. 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 19 April 2022.
6. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in this proxy form.
7. 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.

## ANNUAL GENERAL MEETING PROXY FORM

I/We \_\_\_\_\_ NRIC/Passport No./Registration No. \_\_\_\_\_

of \_\_\_\_\_

being a member(s) of **AP Oil International Limited** (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the 2022 Annual General Meeting of the Company ("Annual General Meeting") to be held via Live Webcast on 28 April 2022 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 Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

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 2021, together with the Auditor's Report thereon			
2	Declaration of a final exempt (one-tier) dividend of 1 cent per ordinary share for the year ended 31 December 2021			
3	Re-election of Dr Ho Leng Woon as a Director of the Company			
4	Re-election of Mdm Lau Woon Chan as a Director of the Company			
5	Approval of the payment of Directors' fees of SGD90,000 for the financial year ended 31 December 2021, payable half-yearly in arrears			
6	Re-appointment of Messrs RSM Chio Lim LLP as the Auditors of the Company and authority to Directors of the Company to fix their remuneration			
7	Proposed Share Issue 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 \_\_\_\_\_ 2022

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 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members, 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. Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) may appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. This proxy form is available on the SGX website.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3. Any member who is a relevant intermediary is entitled to appoint the Chairman of the Meeting to attend, speak and vote (whether to vote in favour of, or against, or to abstain from voting). 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. The instrument appointing the Chairman of the Meeting as proxy 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, 80, Robinson Road, #11-02, Singapore 068898; (Opening Hours is 9 a.m. to 5.30 p.m., Mondays to Fridays (excluding Public Holidays)); or
  - (b) if send by email to email address [interns1@apoil.com.sg](mailto:interns1@apoil.com.sg)

in either case, at least 48 hours before the time fixed for the Annual General Meeting, ie 2.00 p.m. on 26 April 2022.

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 the Chairman of the Meeting as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed 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 the Chairman of the Meeting as proxy 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. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, 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 the Chairman of the Meeting as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register as 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 8 April 2022.

# CORPORATE INFORMATION

## 集团资讯

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Mr Lau Tai Chong, BACC  
Mr Chang Kwok Wah, MBA

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Singapore 228095

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