



**NAM LEE PRESSED METAL
INDUSTRIES LIMITED**



**ANNUAL
REPORT
2022**



**STRENGTHENING
OUR MARKET
LEADERSHIP**



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CORPORATE PROFILE

Nam Lee Pressed Metal Industries Limited was incorporated on 10 March 1975 by the Yong family, which has been in the metal fabrication business since the 1950s. The family business was started by the late Mr Yong Kwong Fae, who founded Chop Nam Lee, a sole proprietorship, to fabricate galvanised household products such as buckets and bath tubs. It has gone on to establish itself as a competitive and trusted player in the field of fabricated metal and related products.



The Group commenced the design and manufacture of metal products for buildings in 1991 when it entered the HDB market and is a HDB-approved supplier. Today the Group remains the only worldwide third-party manufacturer of aluminium frames for container refrigeration units in the world for a major customer. Over the years, the Group has developed into a one-stop specialist for building and infrastructure metal products, aluminium frames for container refrigeration units and a wide range of aluminium, UPVC and steel products.

With many years of experience in the business, its vertically-integrated production structure, well - equipped facilities and skilled staff, Nam Lee Pressed Metal is able to offer a complete suite of services ranging from design right through to installation, including the manufacture of tooling, jigs and fixtures, metal fabrication, surface coatings and treatments,

assembly and the installation of the final products. Headquartered in Singapore, the Group has subsidiaries in Singapore and Malaysia faithfully serving its customers.

Quality is never compromised at Nam Lee Pressed Metal and their efforts have been recognised when they were awarded ISO 9002 certification by the PSB in 1995. Another testament to its quality products was the HDB Quality Award for Supplier 1999 awarded to it by the HDB. Since then, it has continued to successfully renew the quality management system certification and transitioned to the current ISO 9001 : 2015 standard. Its philosophy and management practice of ensuring quality at every stage of production plus a forward-looking management ensures that Nam Lee Pressed Metal continues to progress and remain a competitive player in the metal building and infrastructure products and related market sectors.



CORPORATE PROFILE

INTEGRITY QUALITY CUSTOMER SATISFACTION INNOVATION

are the pillars on which the success of Nam Lee Pressed Metal is built and they continue to be firmly grounded as the corporate values embraced by the Board, Management and Staff of Nam Lee Pressed Metal. Our trademark Swan brand embodies grace, trust and loyalty, enduring qualities of a faithful partner. I am confident that as long as we adhere to these core values, Nam Lee Pressed Metal will continue to make its mark as the preferred and trusted partner for fabricated metal and related products and solutions.

Yong Li Yuen, Joanna
Executive Chairman



CHAIRMAN'S STATEMENT



DEAR SHAREHOLDERS,

Thank you for your continuous support and trust in Nam Lee Group.

On behalf of the Board of Directors, I am pleased to present the operating results of Nam Lee Pressed Metal Industries Limited and its subsidiaries (“**the Group**”) for the financial year ended 30 September 2022 (“**FY2022**”).

Financial year 2022 continued to be another challenging year, one where we faced challenges on multiple fronts. Despite Singapore’s progressive emergence from the COVID-19 pandemic, with significant easing of COVID-19 restrictions in the second half of FY2022, its ramifications lingered and inflationary pressures had set in. Cost escalations from global supply chain challenges resulted from COVID-19 and geopolitical tensions including the Russia-Ukrainian conflict. Taming of inflation with increased interest rates added to our operating cost. Uncertainty from emergence of new COVID-19 variants remain.

Despite this, we are thankful that with prudence, strong operational resilience and agility, we navigated through the year to achieve continued business growth and stayed profitable.

A REVIEW OF FY2022

After more than two years of living with COVID-19 restrictions, we saw business activities return to normalcy in tandem with the significant easing of pandemic measures. While we were heartened by the return to normalcy in Singapore, and the resumption of activities, we continued to face persistent operational challenges; cost pressures arising from escalating raw material prices, higher labour costs which corresponded with manpower shortage, interest rate hikes and rising inflation. These had a significant impact on our operating costs.

With the normalizing of activities in Singapore, we saw growth in our core aluminium business segment with a higher demand for construction activities in FY2022. Notably, the Group achieved a revenue breakthrough surging past S\$200 million



CHAIRMAN'S STATEMENT

in the financial year. The Group remained profitable with earnings per share on a fully diluted basis of 4.20 Singapore cents. Net assets per share of the Group increased to 66.60 Singapore cents as at 30 September 2022. We continued to be prudent in our cash management and controls. The Group's cash position as at 30 September 2022 remained healthy.

As business activities returned to normalcy and the rate of activity increased, we are grateful for the continued support from our key customers and supply chain partners who worked hand-in-hand with us to achieve optimal business outcomes. As the Group continued to face the challenging and competitive business environment, we are encouraged by our employees' dedication, resilience and commitment. We would like to hereby express our heartfelt thanks to them. We also like to say a sincere thank you to our shareholders for their confidence and faith in the Group.

INCOME STATEMENT

In FY2022, the Group's revenue increased by S\$30.5 million or 15.3% from S\$198.7 million in FY2021 to S\$229.2 million in FY2022. The Group saw a broad-based growth in its revenue with more of it derived from the progress of ongoing construction projects.

Gross profit decreased from S\$32.4 million in FY2021 to S\$29.3 million in FY2022, which was mainly due to higher labour cost and factory overhead incurred in line with more construction projects in progress. Gross profit margins decreased from 16.3% in FY2021 compared with 12.8% in FY2022.

Selling and distribution expenses remained relatively stable in FY2022.

Other operating expenses decreased from S\$2.7 million in FY2021 to S\$2.3 million in FY2022 mainly due to lower foreign currency exchange loss.

With the additional borrowings in FY2022, financing cost increased to S\$1.8 million in FY2022 from S\$1.0 million in FY2021.

Other income of S\$2.2 million in FY2022 decreased from S\$6.9 million in FY2021 mainly due to a S\$4.2 million reduction in fair value gain on derivative contracts on materials. Gains were made in the first half of the year and losses incurred in the second half of the year. These derivative contracts are to hedge changes in price of raw materials with volume based on requirements for secured contracts with customers.

The Group's effective tax rate was 25.0% for FY2022 and includes tax on profits in Singapore and Malaysia at the corporate tax rates of 17% and 24% respectively.

Overall, the Group's profit after tax decreased from S\$15.7 million in FY2021 to S\$10.2 million in FY2022.

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment decreased slightly to S\$62.1 million as at 30 September 2022, from S\$63.8 million as at 30 September 2021, the net result of acquisitions of S\$5.2 million, depreciation of S\$5.1 million and exchange translation movements.

Inventories increased to S\$79.0 million as at 30 September 2022 compared with S\$69.7 million as at 30 September 2021. Trade receivables and contract assets increased to S\$59.8 million as at 30 September 2022 compared with S\$43.7 million as at 30 September 2021. These increases correspond with the higher level of production and billings in FY2022 and holding of inventories to meet future production needs.

Borrowing increased to S\$43.9 million as at 30 September 2022 compared with S\$17.1 million as at 30 September 2021. Trade payables, other payables and accruals decreased in aggregate by S\$2.9 million to S\$27.9 million as at 30 September 2022 compared with S\$30.8 million as at 30 September 2021. These were mainly due to the utilisation of trust receipts to repay supplier invoices.

Negative foreign currency translation reserves had increased by S\$2.3 million reflecting the effect of depreciating Malaysian Ringgit on the net assets of the Malaysian subsidiaries.



CHAIRMAN'S STATEMENT

STATEMENT OF CASH FLOW

Net cash flows used in operating activities for FY2022 was S\$12.4 million as increase in working capital was higher than the cash flow from the operations. Interest and income tax paid amounted to S\$6.3 million.

Net cash flows used in investing activities for FY2022 was S\$3.5 million, comprising principally S\$4.9 million for purchase of property, plant and equipment; offset by S\$1.2 million proceed from quoted security.

Net cash flows generated from financing activities for FY2022 was S\$21.0 million. S\$26.8 million of funds from borrowings were partially offset by dividend paid to shareholders and repayment of lease liabilities.

OPERATIONAL HIGHLIGHTS

During the year, the Group had achieved a healthy growth in revenue across most business segments.

Aluminium

The Group's core aluminium business segment comprises the product categories of custom-engineered and fabricated aluminium parts for the industrial sector as well as aluminium building products for infrastructure & construction projects. Segment sales revenue increased from S\$171.9 million in FY2021 to S\$192.2 million in FY2022 while the segmental results decreased from S\$21.4 million in FY2021 to S\$17.0 million in FY2022.

Mild Steel

The revenue contribution from building projects decreased slightly from S\$22.9 million in FY2021 to S\$22.5 million in FY2022. This was attributable to the stable progress of construction activities for ongoing projects. Losses from this segment increased from S\$1.7 million in FY2021 to S\$3.1 million in FY2022.

Stainless Steel

Revenue from the stainless steel segment saw a modest growth from around S\$0.6 million in FY2021 to S\$0.7 million in FY2022.

Segmental result was less than last year despite higher revenue due to increased labour cost and factory overheads.

UPVC

Revenue from the UPVC segment increased from S\$3.4 million in FY2021 to S\$13.8 million in FY2022. Segmental results improved from losses of S\$0.7m in FY2021 to profits of S\$0.2m in FY2022.

OUTLOOK

Looking ahead, despite the progressive emergence from COVID-19 pandemic, the global business landscape continues to present business and operational challenges for the Group. Lingering uncertainties with COVID-19 mutations, ongoing geopolitical tensions, significant inflationary pressures that had driven up raw material prices and energy costs and rising interest rates are not likely to abate any time soon. The implementation of the progressive wage model as announced in the Singapore Budget 2022, the higher minimum qualifying salaries for Employment and "S" work pass applicants and the impending goods and services tax hike, will also have added impact on our costs.

In the face of such a challenging business environment, we shall continue to exercise financial prudence in cost and working capital management, focus on operational efficiency and mitigate risks. We shall continue to leverage on our heritage, strengths and core competencies to further our business networks and explore new business opportunities.



CHAIRMAN'S STATEMENT

We remain confident and trust that with our Group's collective resilience and perseverance and under the stewardship of the Board of Directors, backed by the collective efforts of the management team, we continue in faith of our commitment to build long term sustainable business growth and enhance value for our shareholders and other stakeholders.

DIVIDEND

Notwithstanding the lingering uncertainties amid the challenging business landscape, after evaluating the

results, the Board of Directors propose to maintain final dividend of 1.5 Singapore cents per share plus a special dividend of 0.5 Singapore cent per share, which will be subject to shareholders' approval at the forthcoming Annual General Meeting in January 2023.

Sincerely,
Yong Li Yuen, Joanna
Executive Chairman





BOARD OF DIRECTORS



Ms Yong Li Yuen, Joanna, Age 52
Executive Chairman

Date of Appointment
5 October 2020

Date of Last Re-appointment
22 January 2021

Country of Principal Residence
Singapore

Board's Comment on The Appointment

Not applicable, Ms Joanna Yong is not subject to re-election.

Ms Joanna Yong's responsibilities include management and oversight of business development, operations and activities.

Job Title

Executive Chairman

Professional Qualification

*Bachelor of Arts (Honours - Second Upper) in Japanese Studies, National University of Singapore
Graduate Diploma in Marketing, Marketing Institute of Singapore
Fellow of Association of Chartered Certified Accountants
Member of Institute of Singapore Chartered Accountants*

Working experience and occupation(s) during the past 10 years

2020 to Present:

Executive Chairman - Nam Lee Pressed Metal Industries Limited

2009 to 2020:

Commercial Manager - Nam Lee Pressed Metal Industries Limited

Other principal commitments including directorships

Past (for the last 5 years)

Nil

Other Principal Commitments (for the last 5 years)

Nil

Present

*Nam Lee Industries Sdn. Bhd.
Nam Lee Pressed Metal Pte. Ltd.
Nam Lee Pressed Metal Sdn. Bhd.
NL Mechanical Engineering Sdn. Bhd.
NL Metals Sdn. Bhd.
NL Pressed Metal Pte. Ltd.
Swan Metal Products Sdn. Bhd.*

Other Principal Commitments

Executive Chairman - Nam Lee Pressed Metal Industries Limited

Family Relationships

Ms Joanna Yong is the daughter of Mr Yong Koon Chin, who is a substantial shareholder of the Company and Advisor for the Group.

She is also the niece of both Mr Yong Kin Sen and Mr Yong Poon Miew, who are substantial shareholders of the Company and Advisors for the Group.

Ms Joanna Yong is also the cousin of both Mr Eric Yong Han Keong and Mr Yong Han Lim, Adrian, who are the Managing Director and Executive Director of the Company respectively.

Conflict of Interest (including any competing business)

Nil



BOARD OF DIRECTORS



Mr Yong Han Keong, Eric, Age 49
Managing Director

Date of Appointment
16 December 2019

Date of Last Re-appointment
21 January 2022

Country of Principal Residence
Singapore

Board's Comment on The Appointment

Not applicable, Mr Eric Yong is not subject to re-election.

Mr Eric Yong is responsible for the operations and management of the Group's HDB projects. He also oversees the Group's marketing activities.

Job Title

*Managing Director
Member of Nominating Committee*

Professional Qualification

Bachelor of Mechanical Engineering, Curtin University, Western Australia

Working experience and occupation(s) during the past 10 years

2019 to Present:

Managing Director - Nam Lee Pressed Metal Industries Limited

2007 to 2019:

Head of Sales and Marketing - Nam Lee Pressed Metal Industries Limited

Head of HDB Department and Engineer - Nam Lee Pressed Metal Pte Ltd

Other principal commitments including directorships

Past (for the last 5 years)

Nil

Other Principal Commitments (for the last 5 years)

Nil

Present

*Nam Lee Industries Sdn. Bhd.
Nam Lee Pressed Metal Pte. Ltd.
Nam Lee Pressed Metal Sdn. Bhd.
NL Mechanical Engineering Sdn. Bhd.
NL Metals Sdn. Bhd.
NL Pressed Metal Pte. Ltd.
Swan Metal Products Sdn. Bhd.*

Other Principal Commitments

Managing Director - Nam Lee Pressed Metal Industries Limited

Family Relationships

Mr Eric Yong is the son of Mr Yong Kin Sen, who is a substantial shareholder and Advisor for the Group.

He is also the nephew of both Mr Yong Koon Chin and Mr Yong Poon Miew, who are the substantial shareholders of the Company and Advisors for the Group.

He is also a cousin of both Ms Joanna Yong Li Yuen and Mr Yong Han Lim, Adrian, who are the Executive Chairman and Executive Director of the Company respectively.

Conflict of Interest (including any competing business)

Nil



BOARD OF DIRECTORS



Mr Yong Han Lim, Adrian, Age 48
Executive Director

Date of Appointment
1 August 2020

Date of Last Re-appointment
22 January 2021

Country of Principal Residence
Singapore

Board's Comment on The Appointment

The re-election of Mr Adrian Yong as Executive Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration Mr Adrian Yong's qualifications, expertise and past experiences since he was appointed as Executive Director of the Company.

Mr Adrian Yong's responsibilities in the business includes the overall management and operations of the business.

Job Title

*Executive Director
Member of Nominating Committee*

Professional Qualification

*Bachelors in Mass Communication, Curtin University of Technology
Masters in Strategic Marketing, Curtin University of Technology*

Working experience and occupation(s) during the past 10 years

2020 to Present:

Executive Director - Nam Lee Pressed Metal Industries Limited

2010 to 2019:

Management Representative for the Façade business - Nam Lee Pressed Metal Pte Ltd

Other principal commitments including directorships

Past (for the last 5 years)

Nil

Other Principal Commitments (for the last 5 years)

Nil

Present

*Nam Lee Industries Sdn. Bhd.
Nam Lee Pressed Metal Pte. Ltd.
Nam Lee Pressed Metal Sdn. Bhd.
NL Mechanical Engineering Sdn. Bhd.
NL Metals Sdn. Bhd.
NL Pressed Metal Pte. Ltd.
Swan Metal Products Sdn. Bhd.*

Other Principal Commitments

Executive Director - Nam Lee Pressed Metal Industries Limited

Family Relationships

Mr Adrian Yong is the son of Mr Yong Poon Miew, who is a substantial shareholder of the Company and Advisor for the Group.

He is also the nephew of both Mr Yong Koon Chin and Mr Yong Kin Sen, who are the substantial shareholders of the Company and Advisors for the Group.

Mr Adrian Yong is also the cousin of both Ms Joanna Yong Li Yuen and Mr Eric Yong Han Keong, who are the Executive Chairman and Managing Director of the Company respectively.

Conflict of Interest (including any competing business)

Nil



BOARD OF DIRECTORS



Mr Yeoh Lam Hock, Age 60
Independent Non-Executive Director

Date of Appointment
17 October 2019

Date of Last Re-appointment
21 January 2022

Country of Principal Residence
Singapore

Board's Comment on The Appointment

Not applicable, Mr Yeoh is not subject to re-election.

Job Title

*Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit and Nominating Committees*

Professional Qualifications

*Barrister At Law (England & Wales)
LLB (Hons), The University of London
Member of Gray's Inn (London)
Advocate and Solicitor (Singapore)
Commissioner for Oaths*

Working experience and occupation(s) during the past 10 years

1996 to Present:

Managing Director - Cheo Yeoh & Associates LLC

Other principal commitments including directorships

Past (for the last 5 years)

Jobs Capital Pte. Ltd.

Other Principal Commitments (for the last 5 years)

Nil

Present

Cheo Yeoh & Associates LLC

Other Principal Commitments

Managing Director - Cheo Yeoh & Associates LLC

Family Relationships

None

Conflict of Interest (including any competing business)

Nil



BOARD OF DIRECTORS



Mr Tay Teck Seng Joshua, Age 56
Independent Non-Executive Director

Date of Appointment
21 January 2020

Date of Last Re-appointment
22 January 2021

Country of Principal Residence
Singapore

Board’s Comment on The Appointment

Not applicable, Mr. Joshua Tay is not subject to re-election.

Job Title

*Independent Non-Executive Director
Chairman of Nominating Committee
Member of Audit and Remuneration Committees*

Professional Qualifications

Bachelor of Science (Finance), Indiana University

Working experience and occupation(s) during the past 10 years

February 2012 to Present:
Private Investor

June 1996 to February 2012:
Managing Director - JP Morgan Asset Management

Other principal commitments including directorships

*Past (for the last 5 years)
Nil*

Other Principal Commitments (for the last 5 years)

Nil

Present

Element3 Pte. Ltd.

Other Principal Commitments

Nil

Family Relationships

None

Conflict of Interest (including any competing business)

Nil



BOARD OF DIRECTORS



Mrs Wong - Yeo Siew Eng, Age 65
Independent Non-Executive Director

Date of Appointment
1 March 2020

Date of Last Re-appointment
22 January 2021

Country of Principal Residence
Singapore

Board's Comment on The Appointment

Mrs Wong is subjected to re-election at the forthcoming Annual General Meeting however she will not be seeking re-election.

Job Title

*Independent Non-Executive Director
Chairman of Audit Committee
Member of Remuneration and Nominating
Committees*

Professional Qualifications

*Bachelor of Accountancy, National University of
Singapore
Fellow of The Institute of Singapore Chartered
Accountants
Member of Singapore Institute of Directors*

Working experience and occupation(s) during the past 10 years

1998 to 2018:

*Partner - Deloitte & Touche LLP
Partner - Deloitte LLP
Director - Deloitte & Touche Management Services
Pte Ltd*

Other principal commitments including directorships

Present

*Non-executive Independent Director - Venture
Corporation Limited
Non-executive Director - Transit Link Pte Ltd
Non-executive Independent Director - Keppel DC
REIT Management Pte Ltd*

Other Principal Commitments

Nil

Family Relationships

None

Conflict of Interest (including any competing business)

Nil

The shareholding interest of the Directors are set out in the section "Directors' Statement" of this Annual Report.

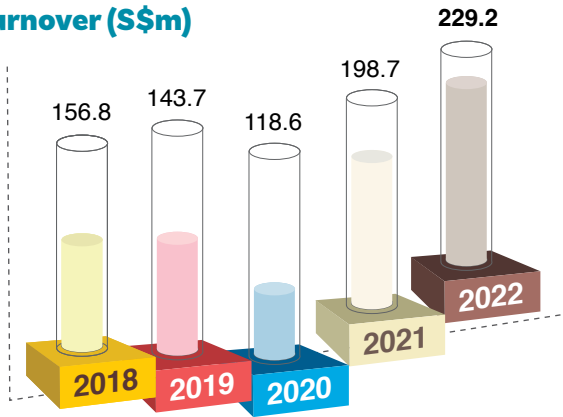
The Group had procured the undertaking in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual (the "Listing Manual") of Singapore Exchange Securities Trading Limited ("SGX-ST") of the Directors.

All the Directors had responded negative to items (a) to (k) listed in Appendix 7.4.1 (Announcement of Appointment) of the Listing Manual.

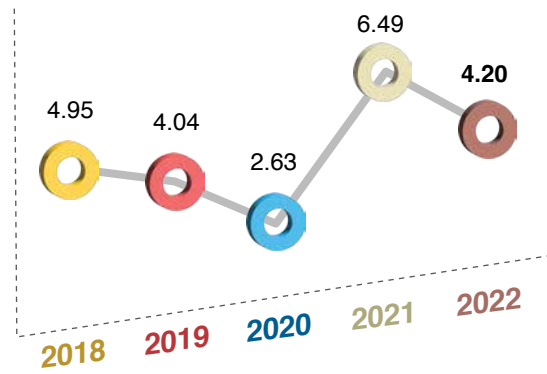


FINANCIAL HIGHLIGHTS

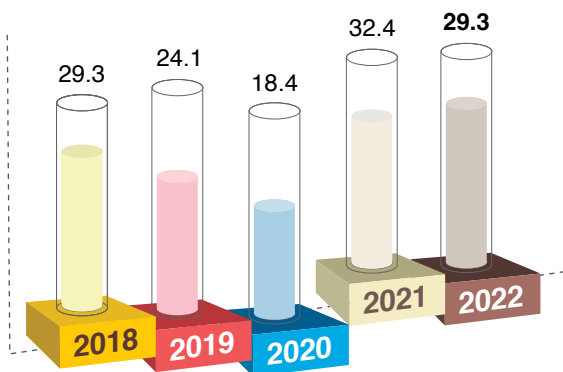
Turnover (S\$m)



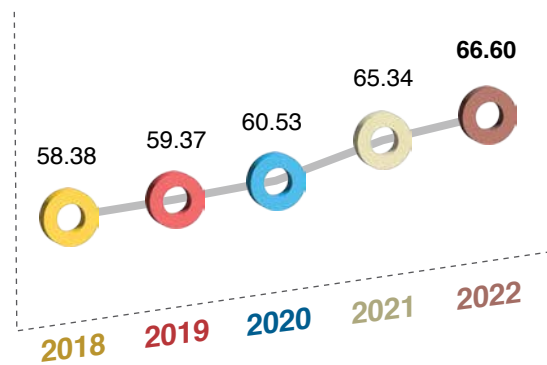
Earnings per share (Diluted - in cents)



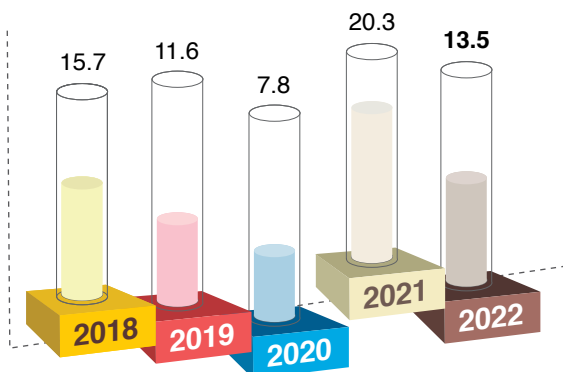
Gross Profit (S\$m)



Net Assets Value per share (in cents)



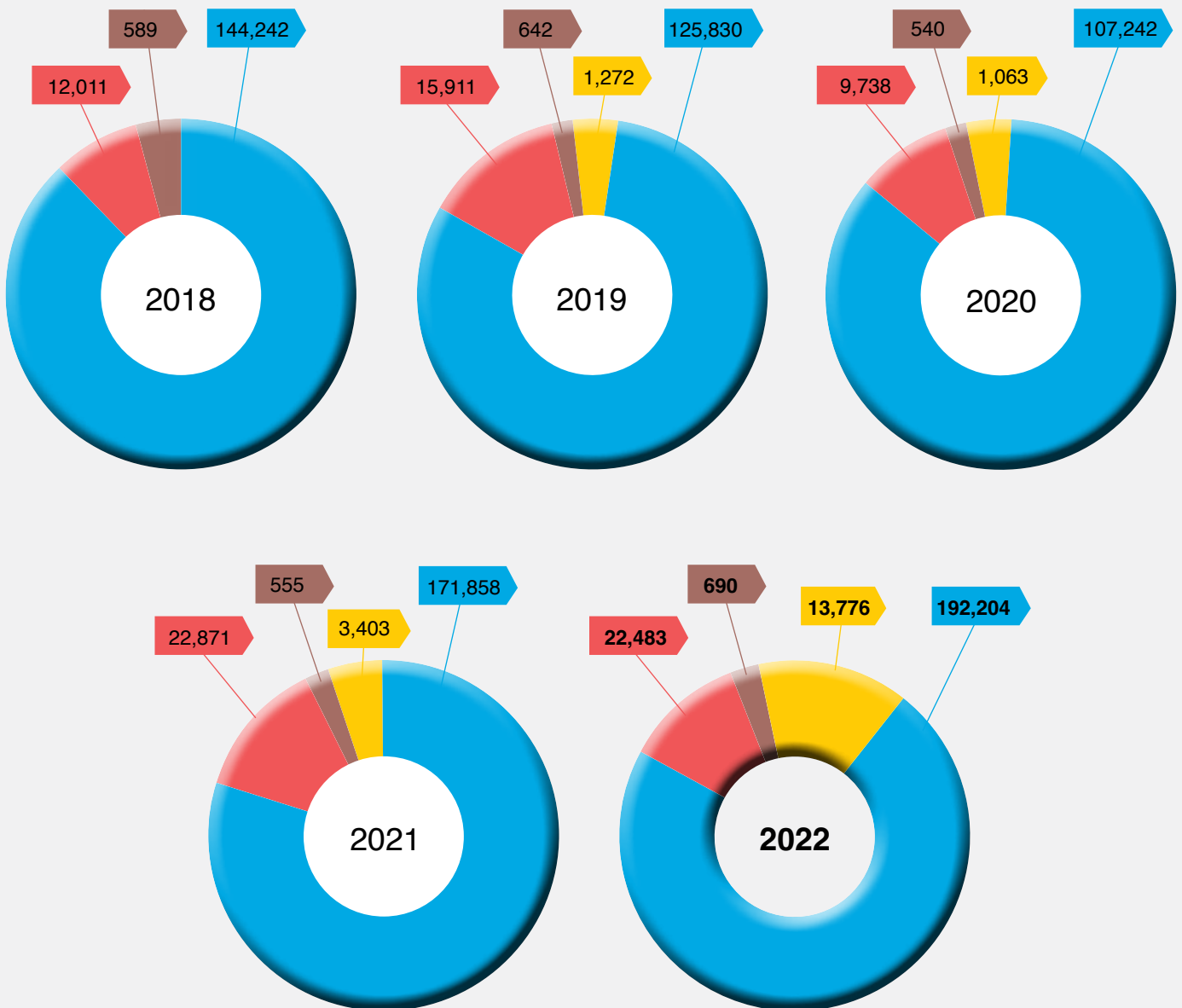
Profit Before Tax (S\$m)





FINANCIAL HIGHLIGHTS

Turnover by Activities (S\$'000)



• Aluminium • Mild Steel • Stainless Steel • UPVC



CORPORATE INFORMATION

Directors

Yong Li Yuen, Joanna
Executive Chairman

Yong Han Keong, Eric
Managing Director

Yong Han Lim, Adrian
Executive Director

Yeoh Lam Hock
Independent Director

Tay Teck Seng Joshua
Independent Director

Mrs Wong - Yeo Siew Eng
Independent Director

Secretary

Wong Yoen Har

Registered Office

4 Gul Way
Singapore 629192

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Ho Shyan Yan
(since financial year ended
30 September 2022)

Principal Bankers

United Overseas Bank Limited
DBS Bank Ltd

Share Registrar

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





CORPORATE GOVERNANCE

The Board of Directors (the “Board”) and Management are committed to good standards of corporate governance by adopting the principles and implementing the practices recommended in the Code of Corporate Governance 2018 (the “Code”) and the rules in the Listing Manual (the “Listing Manual”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). This report sets out the Company’s corporate governance practices and activities for financial year ended 30 September 2022 (“FY2022”), with reference to the principles and provisions of the Code and the rules in the Listing Manual.

BOARD MATTERS

The Board’s Conduct of Affairs (Principle 1): *The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.*

The Board’s primary role is to protect and enhance long-term value for shareholders and to provide corporate governance for the Company. The principal functions of the Board are to:

- provide entrepreneurial leadership and set the overall strategic directions for the Group;
- ensure that the necessary resources are in place for the Group to meet its objectives;
- supervise the management of the business and affairs of the Group and review the performance of Management;
- establish and maintain a sound risk management framework to effectively manage and monitor risks so as to safeguard the Group’s business and its assets;
- set ethical standards and consider environmental and social factors; and
- ensure transparency and accountability to key stakeholder groups.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the best interest of the Group. In any situation that involves a conflict of interest with the Group, the Director who faces a conflict of interest recuse himself/herself from discussions and decisions involving the issues of conflict. Each Director is required to declare to the Board any interest in a transaction with the Company or its subsidiaries expected to be \$100,000 or more, as soon as practicable after becoming aware of such interest. On an annual basis, each Director is also required to declare details of his associates who work in the Group for the purpose of monitoring interested persons transactions.

The Board sets out the authorisation and approval limits governing treasury, operating and capital expenditure and investments and divestments as part of the governance and internal control framework. The Board evaluates and approves major investments and funding decisions including share issuance or buyback and dividend distributions and monitors the financial performance of the Group.

The Board relies on the integrity and due diligence of the Directors and key management personnel, external auditors, internal auditors and advisors in discharging their respective responsibilities. The Board sets out clear terms of reference and responsibilities for each of the above parties. The Board recommends the appointment of directors and external auditors and approves the appointments and remuneration of key management personnel, internal auditors and advisors.

To assist the Board in the discharge of its functions, the various Board Committees, namely, the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”) have been constituted with clear written terms of reference and play important roles in ensuring good corporate governance.

CORPORATE GOVERNANCE

The Directors bring with them considerable experience in the fields of engineering, finance, law and business. They have separate and independent access to Management, and the Company Secretary, whose role includes attending the Board and Board Committees meetings and assisting the Board with procedures and compliance with applicable rules and regulations.

The Directors are aware that they may take independent professional advice at the Company's expense, where necessary, in furtherance of their duties.

Management provides the Directors with periodic updates of significant business activities in the Group, business environment and financial information to enable the Directors to monitor the performance of the Group. Board papers are provided to the Directors before scheduled meetings to enable them to make informed decisions.

Aside from scheduled meetings, ad-hoc meetings are held as and when required to address any significant matter or when circumstances demand. The Constitution of the Company provides for meetings of directors to be held via telephone, electronic or other communication facilities which permit all persons participating in the meeting to communicate with each other simultaneously. The Non-Executive Directors are also encouraged to communicate amongst themselves and with the Company's auditors and legal advisors without the presence of the Executive Directors and Management.

The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

The Directors' attendances at meetings of the Board and the respective Board Committees for the period from 1 October 2021 to 30 September 2022 are disclosed below:

Types of Meetings	AGM	BOARD	AC	NC	RC
No. of Meetings Held	1	3	2	1	1
Names of Directors	No. of Meetings attended				
Yong Li Yuen, Joanna	1	3	N/A	N/A	N/A
Yong Han Keong, Eric ("Mr Eric Yong")	1	3	N/A	0	N/A
Yong Han Lim, Adrian ("Mr Adrian Yong")	1	3	N/A	0	N/A
Yeoh Lam Hock	1	3	2	1	1
Tay Teck Seng Joshua ("Mr Joshua Tay")	1	3	2	1	1
Wong - Yeo Siew Eng	1	3	2	1	1

The Board is satisfied that the Directors with multiple board representations or other principal commitments, have been able to devote sufficient time and attention to the affairs of the Group to discharge their duties as a Director of the Company adequately and satisfactorily.

A newly-appointed Director receives a letter of appointment explaining his or her duties and obligations as a member of the Board and the terms of reference of each Board Committee. Newly-appointed Directors are given an orientation briefing on the Group's business, operations, financial, governance practices, risk management policies, strategic direction and operation of the Group and are invited to visit the Group's operations and facilities. The Directors receive updates from time to time, particularly on relevant laws and regulations, changing commercial risks and business conditions from the Company's relevant professional advisors. The Directors are encouraged to attend relevant courses, conferences and seminars conducted by professional organisations. The Directors may take independent professional advice and receive training at the Company's expense.



CORPORATE GOVERNANCE

Any new Director appointed to the Board who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training on his or her roles and responsibilities as prescribed by the SGX-ST, unless the NC is of the view that such training is not required because the Director has other relevant experience. There were no new Directors appointed to the Board in FY2022.

During FY2022, the Company Secretary provided the Board with updates on changes in laws and regulations, including the Companies Act, Rules of the Listing Manual of SGX-ST and the Code of Corporate Governance, which are relevant to the Group. The external auditors regularly update the AC and the Board on the developments in the Singapore Financial Reporting Standards (International) (“SFRS(I)”) which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Group during Board and Board Committee meetings.

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.*

As at the date of this Annual Report, the Board of Directors comprises six Directors made up of three Executive Directors (including the Executive Chairman and Managing Director (“MD”)) and three Non-Executive and Independent Directors.

Provisions 2.2 and 2.3 of the Code provide that the Independent Directors are to make up a majority of the Board when the Chairman is not independent and the Non-Executive Directors are to make up a majority of the Board respectively. Although the current composition of the Board deviates from these provisions, the Board is of the view that there is an appropriate level of independence and diversity of thought and background in its composition to enable the Board to make decisions in the best interests of the Company. In particular, the independent Directors chairing the AC, RC and NC have sufficient standing and authority to weigh in on any significant matter if the Executive Chairman or MD fails to resolve the matter. The NC considered the dynamics within the Board and the following matters in deliberating on independence and diversity, and the observation of Principle 2 of the Code.

Listing Rule 210(5)(c) requires the Board to have at least two non-executive Directors who are independent and free of any material business or financial connection with the Company. The Non-Executive and Independent Directors of the Board do not exercise any management functions. The role of the Non-Executive and Independent Directors is to constructively challenge and help Management develop strategies, taking into account the interests of the stakeholders. The Non-Executive and Independent Directors review the performance of Management in meeting agreed goals and objectives and monitor financial performance. The Non-Executive and Independent Directors bring to the Board independent and objective perspective to enable balanced and well-considered decisions to be made. Any potential conflict of interest is taken into consideration. When necessary, the Non-Executive and Independent Directors will meet without the presence of Management.

The NC assesses the independence of each Non-Executive and Independent Director annually bearing in mind the Code’s definition of an “Independent Director” is one who is independent in conduct, character, and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company. Under the Listing Manual, a Director will not be deemed independent if he is employed or has been employed by the Company or its related corporations for the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by the Company or its related corporations in the current or any of the past three financial years, and whose remuneration is determined by the Company’s RC. Each Independent Director is required to complete a Director’s independence declaration drawn up based on the guidelines provided in the Code. The independence declaration further requires each Independent Director to assess whether he/she considers himself/herself independent despite not being involved in any of the relationships identified in the Code. Thereafter, the NC reviews the



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completed independence declaration and assesses the independence of the Independent Directors by taking into account examples of relationships as set out in the Code. The NC reports its assessment to the Board. The NC has reviewed and is satisfied as to the independence of all the Independent Directors.

The Board endeavours to achieve the balance and diversity necessary to maximise its effectiveness as part of its Board diversity policy. The NC reviews annually the size of the Board, balance and diversity of skills, knowledge and experience required by the Board. All Directors are professionals in their own fields. Together they bring to the Board multiple skill sets, relevant competencies and attributes to discharge the functions of the Board and Board Committees. The NC also aims to maintain a diversity of expertise, knowledge and experience in the fields of engineering, finance, law and business as attributes among the Directors.

The NC ensures that the size of the Board is conducive to effective discussion and decision-making, and that the Board has an appropriate number of Independent Directors to provide diversity in expertise, knowledge and experience as well as age and gender. Members of the Board include seasoned professionals in engineering, finance, law and business management. Two out of six members of the Board are female. The Board believes that its members' different backgrounds, skill sets, experience, age and gender provide a diversity of perspectives which contribute to the quality of its decision-making.

The NC is of the view that the current Board comprises persons who collectively possess the necessary core competencies, and as a group, provide an appropriate level of independence and diversity of skills, experience and knowledge of the Company, and that the current Board size is appropriate, taking into consideration the nature and scope of the Group's operations. The NC will continue to assess independence periodically, bearing in mind Principle 2 of the Code and Provisions 2.2 and 2.3 of the Code in any change in the Board composition when appropriate, as part of the Board's renewal process.

The Independent Directors where the Chairman is not present or has to recuse herself, or Board Committee Chairman (as the case may be), set aside time at each scheduled Board or Board Committee meeting to meet without the presence of Management. The chairman of such meetings provided feedback to the rest of the Board after such meetings, as appropriate.

Chairman and Chief Executive Officer (Principle 3): *There is clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

As recommended by the Code, the Executive Chairman and Chief Executive Officer are separate persons.

The Executive Chairman establishes and promotes compliance with the Group's guidelines on corporate governance and maintains oversight of the Group's performance management and development.

The Executive Chairman ensures that board meetings are held when necessary and sets the board meeting agenda in consultation with Management and the Company Secretary. The Executive Chairman's responsibilities include reviewing board papers together with Management in order that board members are provided with complete, adequate and timely information before board meetings.

The Managing Director is responsible for the operations and management of the Group and oversees the Group's business development and marketing activities.

Provision 3.3 the Code requires the Board to have a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. Although the Board does not have a Lead Independent Director, the Independent Directors make up half of the Board. As such, the Board is satisfied that there is a strong independent element to contribute to effective decision-making in the best interests of the Company. The Independent Directors are and continue to be available to shareholders as a channel of communication between shareholders and the Board and/or Management. The Board will appoint a Lead Independent Director as and when deemed appropriate.



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

Board Performance (Principle 5): *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

Nominating Committee

The Company has established a NC to make recommendations to the Board on all board appointments and oversee the Board's and senior Management's succession and leadership development plans.

The NC comprises five members, the majority of whom, including the Chairman, are independent.

The composition of the NC is as follows:

Chairman

Mr Joshua Tay – Independent Director

Members

Mr Eric Yong – Managing Director

Mr Yeoh Lam Hock – Independent Director

Mrs Wong - Yeo Siew Eng – Independent Director

Mr Adrian Yong – Executive Director

Based on the written terms of reference approved by the Board, the principal functions of the NC are to:

- (i) Review, assess and recommend to the Board the appointment and retirement by rotation of Directors in accordance with the Constitution of the Company. Every Director, including the MD, is subject to re-election once in every three years. Also, all newly-appointed Directors during the year will hold office until the next AGM and will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation.
- (ii) Review and assess candidates for directorship before making recommendation to the Board, taking into consideration the balance and diversity of the skills, knowledge and experience required and the current size and composition of the Board which would facilitate decision-making.
- (iii) Determine the independence / non-independence of Directors and review annually the independence of each Director.
- (iv) Review and decide if a Director who serves multiple boards is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.
- (v) Propose objective performance criteria to assess effectiveness of the Board and Board Committees and evaluate their effectiveness.
- (vi) Review training and professional development programmes for the Board.
- (vii) Review board succession plans for the Directors, in particular, the Executive Chairman and MD.



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The NC meets at least once a year, and as warranted by circumstances, to discharge its functions. In FY2022, one NC meeting was held.

The Board has adopted internal guidelines to address competing time commitments faced by the Directors who serve on multiple Boards. As a guide, Directors should not have more than six listed company board representations. All the Directors have complied with this guideline. The Board meetings for each year are scheduled in advance in the preceding year to facilitate the Directors' individual administrative arrangements in respect of competing commitments.

Key information regarding the Directors, such as listed company directorships and principal commitments, is set out in the section "Board of Directors" of this Annual Report. Information on the Directors' shareholdings in the Company and its related corporations is set out in the section "Report of Directors' Statement" of this Annual Report.

The NC evaluates the Board to assess the effectiveness of the Board. The NC, in the re-nomination of Directors, takes into consideration the Directors' attendance at meetings held during the year and the respective contributions made by each Director. Each Director has given sufficient time to the affairs of the Company and has been able to discharge his duties as Director effectively.

The NC does not encourage the appointment of alternate Directors and none of the Directors has an alternate Director. There is no alternate director appointed by any Director in FY2022.

The NC reviews succession plans for the Directors and in particular, the Executive Chairman and MD. The NC also reviews annually the balance and diversity of skills, knowledge and experience of the Board and the size of the Board which would facilitate decision-making. All appointments to the Board are made on merit and measured against objective criteria. In identifying and evaluating nominees for appointment as Directors, the NC will evaluate the skills, knowledge and experience as well as any other attributes of the potential candidates and in consultation with Management, determine the role and the desirable competencies for a particular appointment. Recommendations from the Directors, Management and external search consultants are the sources for potential candidates. Where the need to appoint a new Director arises, the NC will review the composition and range of knowledge, expertise, skills and attributes of the Board and Board committees. The NC identifies the Company's needs with the appropriate profile for nomination before management's sourcing for candidates through a network of contacts. The NC will conduct interviews with the short-listed candidates to assess their suitability and verify that candidates are aware of the expectations and level of commitment required. Finally, the NC will make a recommendation on the appointment to the Board for approval.

When reviewing a nomination for a proposed Board appointment or re-appointment of Directors and Board committee members, NC will review and determine the candidate's or the Director's independence, whether the candidate or the Director fulfils and fit the needs of the Board, candidate's and Director's honesty, integrity, reputation, competence, capability and financial soundness.

The NC is responsible for reviewing the re-nomination and retirement of Directors who retire by rotation. The NC considers each Director's contribution and performance such as attendance, preparedness, participation and ability to think independently for recommendation to the Board. Pursuant to the Company's Constitution, one-third of the Directors or, if their number is not a multiple of three, the number nearest to one-third, shall retire from office by rotation and be subject to re-election at the Company's AGM.

On or after 1 January 2022, a director who has served on the board for a cumulative period of nine (9) years will no longer be eligible to be designated as an independent director unless a resolution from shareholders present and voting at the general meeting is sought and approved via separate resolutions pursuant to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST by: (A) all shareholders; and (B) shareholders excluding directors, chief executive officer, and their associates. Such approvals will remain valid until the conclusion of the 3rd AGM from such approvals.



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There is no Independent Director who has served beyond nine years since the date of his/her first appointment.

At the forthcoming AGM, Mr Adrian Yong and Mrs Wong – Yeo Siew Eng will retire under Article 94 of the Company's Constitution.

Mr Adrian Yong has signified his consent to continue in office and offered himself for re-election. Mrs. Wong - Yeo Siew Eng had indicated that she would not seek re-election as Director of Company at the forthcoming AGM, and will accordingly, retire as an Independent Non-Executive Director at the conclusion of the forthcoming AGM. Her retirement from the Board will take effect upon the conclusion of the forthcoming AGM, Mrs. Wong - Yeo Siew Eng will also cease to be the Chairman of the AC and a member of the RC and NC. Further details of her retirement are disclosed in the Company's SGXNet announcement made on 23 December 2022.

Upon assessing the performance and contributions to the Board, the NC recommended Mr Adrian Yong for re-appointment to the Board and the Board has accepted the NC's recommendations to put forth Mr Adrian Yong for re-election at the forthcoming AGM.

No member of the NC participated in deliberations or decisions on recommendations for his own re-nomination to the Board.

The Company has established a review process to evaluate the performance of the Board as a whole, the Board Committees and individual Directors annually. This process includes a performance evaluation form with questions designed to assess the performance of the Board and its Board committees and enhance the overall effectiveness of Directors. The Board and Board committees' performance will be evaluated by each Director. Each Director is required to complete performance evaluation forms for the Board, Board Committees and individual Directors, designed to seek their views on the various aspects of the Board, Board Committees and individual Director's performance so as to assess the overall effectiveness of the Board, Board Committees and individual Directors and performance.

The assessment parameters include, among others, the Board and Board Committees size and composition, board independence, board processes, board information and accountability, attendance at meetings of the Board and the Board Committees, contributions and participation at meetings and ability to make informed decisions.

The evaluation forms are submitted to the Company Secretary for collation and the consolidated responses are presented to the NC. The NC discusses the report and concludes on the performance of the Board, Board Committees, and individual Directors. In consultation with the NC, the Chairman of the NC will act on the results of the performance evaluations with the objective of ensuring the effectiveness of the Board as a whole.

The NC has reviewed the performance of the Board, Board Committees and Individual Directors for FY2022. No external facilitator was used in the process in FY2022.

Based on the completed assessment forms submitted by the Directors and in consultation with the NC, the Board is of the view that the Board, the Board Committees, and each of the Directors have performed their roles based on objective evaluation criteria and have contributed to the overall effectiveness of the Board. No external facilitator was involved in the performance evaluation process in FY2022.

The Directors keep updated from time to time, particularly on relevant laws and regulations, changing commercial risks and business conditions. The Directors are encouraged to attend appropriate or relevant courses, conferences and seminars conducted by professional organisations. The Directors may take independent professional advice and receive training at the Company's expense.

All Directors of the Company had attended the sustainability courses in FY2022 organised by Singapore Institute of Directors or Institute of Singapore Chartered Accountants.



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REMUNERATION MATTERS

Procedure for Developing Remuneration Policies (Principle 6): *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

Level and Mix of remuneration (Principle 7): *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.*

Remuneration Committee

The RC comprises three members. To minimise the risk of any potential conflict of interest, all RC members are non-executive and independent, and they are:

Chairman

Mr Yeoh Lam Hock – Independent Director

Members

Mr Joshua Tay – Independent Director

Mrs Wong - Yeo Siew Eng – Independent Director

Based on the written terms of reference approved by the Board, the principal functions of the RC are to:

- (i) Review and recommend a framework of remuneration for the Executive Directors and key management personnel (covering all aspects of remuneration, including but not limited to salaries, performance-based remuneration and benefits in kind) for the Board's approval.
- (ii) Review the remuneration packages of the Executive Directors and key management personnel.
- (iii) Review and recommend to the Board the setting up of share option schemes or long-term incentive schemes.
- (iv) Review the Non-Executive and Independent Directors' remuneration in the form of Directors' fees, having regard to the level of contribution, effort and time spent, and responsibilities of the directors. Non-Executive and Independent Directors' fees are fixed and subject to shareholders' approval at the AGM.
- (v) Review the Company's obligations arising in the event of termination of the Executive Directors' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The Group's remuneration policy is to provide competitive remuneration packages to reward, retain and motivate high levels of performance of the Executive Directors and key management personnel with a view to providing good stewardship of the Group in the long term. In determining remuneration packages for employees including the Executive Directors and key management personnel, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual. Remuneration packages are also structured so as to be aligned with the interests of shareholders and stakeholders, and to promote long-term success of the Group.

The Company advocates performance-based remuneration which is flexible and responsive to the market, Company's, business unit's and individual employee's performance. During the year, no long-term incentive was paid to the Directors and senior Management. The RC ensures that the Directors are adequately but not excessively remunerated. While none of the members of the RC specialises in the area of executive compensation,



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all members of the RC are knowledgeable in executive compensation matters gained through their industry experience or through courses organised by the Singapore Institute of Directors. Where appropriate, the RC may also consult or recommend engaging the services of external consultants who are specialists in this field.

The RC considers all aspects of remuneration payable to the Executive Directors and key management personnel, including termination terms, to ensure they are fair. There are no termination or retirement benefits that are to be contractually granted to the Directors and key management personnel of the Group.

The RC meets at least once a year, and as warranted by circumstances, to discharge its functions. In FY2022, one RC meeting was held.

The members of the RC do not participate in any decision-making concerning their own remuneration or fees.

Where necessary, the RC can seek external professional advice on the remuneration matters of the Directors and key management personnel.

The Non-Executive and Independent Directors have no service contracts. They receive directors' fees for their services. These directors' fees are determined in accordance with a remuneration framework comprising basic fees and committee fees. In determining the quantum of such fees, factors such as frequency of meetings, time spent, responsibilities of the Non-Executive and Independent Directors, and the need to be competitive in order to attract, motivate and retain these Directors are taken into account. Comparisons are made periodically against directors' fees of other listed companies with similar market capitalisation as the Company to ensure that the directors' fees are within market norms and commensurate with responsibilities of the Non-Executive and Independent Directors. No Director is involved in deciding his own remuneration package. Directors' fees will be tabled for shareholder approval at the forthcoming AGM and will only be paid upon approval by shareholders at the AGM. These measures serve to ensure that the independence of the Non-Executive Directors is not compromised by their compensation.

Disclosure on Remuneration (Principle 8): *The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

- A. The Executive Directors, namely Ms Joanna Yong, Mr Eric Yong and Mr Adrian Yong, and each of the three Advisors, namely Mr Yong Koon Chin, Mr Yong Kin Sen and Mr Yong Poon Miew who are respectively the father of Ms Joanna Yong, Mr Eric Yong and Mr Adrian Yong have each entered into fresh service contracts with the Company during FY2021. The service contracts of the Advisors are each for a period of three years from the respective date of transition from Executive Director to Advisor. This is consistent with a three-year succession plan that was conceived with the assistance of an external remuneration consultant and approved by the Board in May 2019.

Other than the remuneration packages disclosed in the table below, the Executive Directors currently do not enjoy any other incentives.

- B. The Company's success depends to a significant extent upon the Directors, Advisors and Management. The loss of service of one or more of these key employees could have a material adverse effect on the Company. In view of this and in the best interest of the Company, the Company is not disclosing the exact remuneration of the Directors and Advisors or the link between performance and remuneration paid to the Directors, Advisors and key management personnel. The Board is of the view that the information disclosed is sufficient for shareholders to have adequate understanding of the remuneration for the Executive Directors, Advisors and key management personnel.
- C. During the year, there were no termination, retirement and post-employment benefit and share options granted to employees. The following table shows a breakdown (in percentage terms) of the components of remuneration of the Advisors, Executive Directors and key management personnel during the year and their total remuneration within broad bands. The total remuneration for the three Advisors in FY2022 was S\$1,772,000. The total remuneration of the Executive Directors and key management personnel in FY2022 were S\$778,000 and S\$1,485,000 respectively.



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Remuneration Bands	Salary %	Profit Sharing %	Bonus %	Directors' Fees %	Others %	Total Compensation %
Advisors						
S\$800,000 - S\$899,999						
Mr Yong Kin Sen	42	56	–	–	2	100
S\$400,000 - S\$499,999						
Mr Yong Koon Chin	50	46	–	–	4	100
Mr Yong Poon Miew	51	47	–	–	2	100
Executive Directors						
Below S\$250,000						
Ms Joanna Yong	70	–	30	–	–	100
Mr Eric Yong	69	–	31	–	–	100
Mr Adrian Yong	70	–	30	–	–	100
Independent Non-Executive Directors						
Below S\$250,000						
Mr Yeoh Lam Hock	–	–	–	100	–	100
Mr Joshua Tay	–	–	–	100	–	100
Mrs Wong - Yeo Siew Eng	–	–	–	100	–	100
Key Management Personnel						
S\$700,000 - S\$799,999						
Mr Lim Hock Leong	42	57	–	–	1	100
Below S\$250,000						
Ms Christine Phua	62	–	38	–	–	100
Mr Tan Bee Kin	81	–	19	–	–	100
Mr Qin Tao	80	–	20	–	–	100
Mr Loh Chee Boon	87	–	13	–	–	100

- D. Except as disclosed in the table below, there is no employee of the Group who is an immediate family member of a Director and whose remuneration exceeded S\$100,000 during the financial year ended 30 September 2022.

Remuneration Bands	Relationship
S\$800,000 - S\$899,999	
Mr Yong Kin Sen (Father of Mr Eric Yong)	Substantial Shareholder of the Company and Advisor
S\$400,000 - S\$499,999	
Mr Yong Koon Chin (Father of Ms Joanna Yong)	Substantial Shareholder of the Company and Advisor
Mr Yong Poon Miew (Father of Mr Adrian Yong)	Substantial Shareholder of the Company and Advisor

In view of the competitive reasons and confidentiality, the Company is of the view that its practices of disclosing the remuneration of directors and key management personnel in bands are consistent with the intent of provision 8 of the Code, taking into account the strategic objectives of the Company pursuant to Principle 8 of the Code.



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ACCOUNTABILITY AND AUDIT

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

The Board has overall responsibility for the governance of risk. Together with Management, the Board is committed to maintaining sound risk management and internal control systems to safeguard shareholders' interests and the Group's assets.

The Board sets out the matters that requires its approval, and ensures that Management's design, implementation and monitoring of risk management and internal control systems are adequate.

No separate board risk committee is established as the AC assists the Board in overseeing the Company's risk management framework and policies. Further information is set out in the following section "Audit Committee (Principle 10)".

The AC appointed RSM Risk Advisory Pte Ltd ("RSM"), a chartered accounting firm to assist with the internal audit function and to monitor compliance with risk management framework. The audit plan of the internal auditors is subject to approval by the AC. The internal auditors report their findings and any recommendation for improvement to the AC. The relevant department follows up on any recommendation for improvement and progress is reviewed by RSM and the Board. RSM adopts the Standards of Professional Practice of Internal Auditing set by the Institute on Internal Auditors in performing their audits. The Group's external auditor, Ernst & Young LLP, contributes an independent assessment of the internal controls which are relevant for producing reliable financial statements. They present their audit plans for approval by the AC and report the results of the audit to the AC. The Board and AC have separate, independent and regular access to the internal and external auditors.

The Board, with the assistance of the AC, reviews the Group's internal control processes and risk management practices to ensure that they remain sound and relevant. The Board strives to maintain good internal control standards to allow the Group to effectively manage risks while pursuing its business objectives efficiently. Key areas of internal control include the safeguarding of assets, maintenance of proper accounting records which provides reliable financial information, compliance with appropriate legislation, regulation and best practices and the identification and containment of business risks.

Annually, the Board, with assistance from the AC reviews the results of audits performed by the internal and external auditors and evaluates the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The Company has a whistleblowing policy in place which sets out the procedures for a whistleblower to make a report to the whistle-blowing committee on misconduct or wrongdoing relating to the Company and its employees and clearly communicates to employees the existence of such policy.

The Company will treat all information received confidentially and protect the identity of all whistle-blowers. It is also committed to ensuring that whistle-blowers will be treated fairly, and protected against detrimental or unfair treatment for whistle-blowing in good faith.

To facilitate independent investigation of such matters and appropriate follow up actions, all whistle-blowing reports are directed to the whistle-blowing committee via a dedicated email address whistleblowing@namlee.com.sg.

The AC is responsible for oversight and monitoring of whistle-blowing. The AC also has power to conduct or authorise investigations into any matter within the AC's scope of responsibility. Depending on the nature of the concern raised or information provided, the investigation may be conducted involving one or more of these persons or entities:

- The investigation panel directed by the AC;
- The internal or external auditors; and/or
- Forensic professionals.



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No whistleblowing report was received by the AC during the financial year and up to the date of the most recent board meeting which have an impact on evaluation of internal controls and results of the audits.

The internal control systems and risk management of the Company are designed to provide reasonable, but not absolute, assurance that the Company will not be adversely affected by events that can be reasonably foreseen. The Board notes the system of internal control maintained by Management provides reasonable, but not absolute, assurance against material financial misstatements or loss, particularly if collusion with third parties is involved. However, the system of internal controls, monitoring through audits and whistleblowing mechanism in aggregate are intended to manage risks by practical means.

The Board has received assurance from the MD and Financial Controller that, as at 30 September 2022, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and financial position, and the Group's risk management and internal control systems are adequate and effective in all material aspects.

The Board has also received assurance from key management personnel, that there were no significant internal control issues or incidents to be brought to the AC's or the Board's attention in respect of the Group's effectiveness in terms of the risk management; and internal control systems addressing financial, operational and compliance risks and information technology are adequate and the Company's and the Group's risk management and internal control systems including financial, operational, compliance and information technology controls are adequate and effective.

For the financial year under review, both the Board and the AC have not identified any material weaknesses in the internal controls of the Group.

Based on the framework established and the processes above, the Board, with the concurrence of the AC, is of the opinion that the internal controls and risk management systems of the Group were adequate and effective as at 30 September 2022 to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Audit Committee (Principle 10): *The Board has an Audit Committee ("AC") which discharge its duties objectively.*

The AC comprises the following three members, all of whom are non-executive and independent:

Chairman

Mrs Wong – Yeo Siew Eng – Independent Director

Members

Mr Yeoh Lam Hock – Independent Director

Mr Joshua Tay – Independent Director

Notes:

Two of the AC members have relevant accounting or related financial management expertise and experience. The Chairman of the AC is a qualified chartered accountant. The Board is of the opinion that the members of the AC have sufficient expertise and experience to discharge their duties.



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None of the AC members is a former partner or director of the Company's existing auditing firm, Ernst & Young LLP, within the previous two years or has any financial interest in the firm.

Based on the written terms of reference approved by the Board, the AC has performed the following functions and duties:

- (i) Reviewed with the external auditors, their audit plans, scope and results of the external audit, and the independence and objectivity of the external auditors;
- (ii) Reviewed with the internal auditors, their audit plans, scope and evaluation of the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems and assessed their independence and objectivity;
- (iii) Evaluated the adequacy and effectiveness of the Group's internal controls and risk management systems;
- (iv) Reviewed the assurance from the Managing Director and the Financial Controller on the financial records and financial statement.
- (v) Reviewed the half-yearly and full year financial statements including announcements to shareholders and the SGX-ST prior to submission to the Board;
- (vi) Recommended to the Board for proposal to shareholders, the re-appointment of the external auditors, their remuneration and terms of engagement;
- (vii) Reviewed interested person transactions in accordance with the requirements of the Listing Manual;
- (viii) Reviewed the assistance given by Management to the Company's internal and external auditors; and
- (ix) Reviewed the policy under which employees and third parties may in confidence, raise concerns about possible improprieties in financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up actions.

The AC has full discretion to investigate any matter within its terms of reference and may commission any investigation into matters involving suspected fraud or irregularity of internal controls or infringement of law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position. The AC has full access to internal and external auditors and co-operation from Management, full discretion to invite any Director or senior Management executive to attend its meetings and reasonable resources (including access to external consultants) to enable it to discharge its functions properly.

Both internal and external auditors submit their plans to the AC for approval and report their findings and recommendations to the AC independently. The external and internal auditors have unrestricted access to the AC, including the routine meeting with the AC without the presence of management to discuss matters relating to the audits. The AC had met with the internal and external auditors without the presence of Management in FY2022.

The Company has complied with Listing Rules 712 and 715 of the Listing Manual on the appointment of audit firms for the Company and entities in the Group, except for a foreign incorporated subsidiary which is not material to the Group.

The AC met with Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any significant transaction or non-routine matters. The external auditors present to Management and the Board, changes in financial reporting standards, Listing Manual and other regulations which may be relevant to the Group.



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In the review of the financial statements, the AC reviewed the Key Audit Matters and concurred with the External Auditor, Ernst & Young LLP and Management on their assessment, judgements and estimates on the significant matters reported by Ernst & Young LLP as set out in the Independent Auditor's Report included in this Annual Report.

The AC, having reviewed the non-audit services provided to the Company by the external auditors, is satisfied that the nature and extent of such services will not impair the independence and objectivity of the external auditors.

The aggregate amount of audit fees paid to the external auditors and a breakdown of the fees for audit and non-audit services are disclosed in Note 5 to the Financial Statements in this Annual Report. During the financial year, non-audit fees incurred amounted to \$170,000 compared with total audit fees of \$222,000. Non-audit services relate to tax compliance services amounting to \$57,000 and transfer pricing documentation services amounting to \$113,000. These fees are for services by both Ernst & Young LLP and other member firms of Ernst & Young Global (collectively "EY"). Higher fees for transfer pricing documentation services were incurred in FY2022 as comprehensive benchmarking studies were undertaken covering more subsidiaries. As EY are the tax agents for the group with knowledge of the tax matters of the group, it is in the interest of the group to appoint EY for transfer pricing reviews.

EY presented to the AC, its safeguards in place to ensure audit independence, comprising quality control by an engagement quality reviewer and firm-wide safeguards as required by the Code of Professional Conduct and Ethics.

The AC has recommended to the Board of Directors that the external auditors, Ernst & Young LLP, be nominated for re-appointment as auditors at the forthcoming AGM.

The internal audit function is outsourced to RSM Risk Advisory Pte Ltd. The internal auditors have adopted the Standards of Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditors have unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC.

The internal audit plan is approved by the AC. The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The AC reviews the adequacy and effectiveness of the internal audit function annually and is satisfied that the internal audit function is independent, effective and adequately resourced.

The Company is committed to a high standard of corporate governance. In line with this commitment, the Whistleblowing Policy aims to (a) provide a trusted avenue for employees, vendors, customers and other stakeholders to report wrongdoings or concerns, particularly in relation to fraud, governance or ethics, without fear of reprisals when whistleblowing in good faith; and (b) ensure that robust arrangements are in place to facilitate independent investigation of the reported concern and for the appropriate follow up actions to be taken.

The policy which is accessible by the employees, aims to foster a workplace conducive to open communication regarding the Company's business practices and to protect the employees from unlawful retaliation and discrimination for the proper disclosing or reporting of illegal or unethical conduct in good faith.

Complaints or suspicions of impropriety can be made by employees and other stakeholders to a dedicated email address automated for transmission to all the Non-Executive and Independent Directors. The email address is published on the Company's website. Anonymous complaints may be looked into, taking into account factors such as seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources. All cases reported will be investigated objectively and thoroughly and appropriate action will be taken where warranted. The AC will inform the Board members after considering the circumstances with an update at Board meetings. The AC did not receive any complaint or whistleblowing report during the financial year and up to the date of the most recent AC meeting.



CORPORATE GOVERNANCE

In discharging its responsibilities, the AC makes reference to the Code and associated practice guidance, the Guidebook for Audit Committees in Singapore, the Risk Governance Guidance for Listed Boards, practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”) and the Guidance to Audit Committee on ACRA’s Audit Quality Indicators Disclosure Framework.

The AC members take measures to keep abreast of the changes to financial reporting standards, regulatory matters and current issues which impact financial reporting by various means including attending webinars or receiving updates from professional firms.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings (Principle 11): *The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

The Company treats all shareholders fairly and equitably and keeps all its shareholders informed of significant matters relating to the Group or its business as required by law and prevailing SGX rules and regulations. The communication is through announcement on SGXNET and the Company’s website at the URL <http://www.namlee.com.sg/>.

All shareholders are invited to attend the AGM and are provided with the annual report, resolutions to be voted upon during the AGM as well as information on voting procedures. In accordance with provisions under the COVID-19 (Temporary Measures) legislation, the Company’s annual report for the financial year ended 30 September 2022, letter to shareholders, Notice of AGM and proxy form are not printed for mailing. They are instead uploaded on SGXNET at the URL <https://www.sgx.com/securities/company-announcements> and are also available on the Company’s website at the URL <http://www.namlee.com.sg/>.

The Company has made alternative arrangements for live webcast (accessible via mobile devices and computers) and audio feed of the AGM, and the submission of shareholders’ questions and proxy form either via email or by regular mail in advance of the AGM. Clear and specific information on how shareholders should pre-register for authentication, submit their questions and proxy form for voting, as well as the deadlines for doing so are provided in the letter to shareholders. The letter to shareholders also provides information on procedures to facilitate voting and submission of questions by shareholders through intermediaries, SRS and CPF accounts.

The Company’s Executive Chairman, Ms Joanna Yong Li Yuen and Managing Director, Mr Eric Yong Han Keong will conduct the proceedings at the AGM. The Company will address, either before or during the AGM, relevant questions relating to the annual report of the Company and the resolutions tabled for approval at the AGM. The Board will be providing responses, and the respective Chairpersons of the AC, RC, and NC; and the independent auditor will also be present at the AGM to answer any questions relating to the work of these Board Committees or the external audit respectively.

Each share carries one vote. Separate resolutions are proposed for substantially separate issues at shareholders’ meetings for approval unless they are linked, and the reasons and material implications are explained. “Bundling” of resolutions are done only where the resolutions are interdependent and linked so as to form one significant proposal and only where there are reasons and material implications involved. In accordance with the provisions of the COVID-19 (Temporary Measures) legislation, shareholders are to vote on all resolutions by appointing the Chairman of the AGM as their proxy. An independent scrutineer is appointed to validate the votes cast for the AGM. The detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNET after the conclusion of the general meetings.

The Company is not implementing absentia voting methods such as voting via mail, email or fax as the authentication of shareholder identity and other related security and integrity issues still remain a concern. The Company will consider implementing the relevant amendments to the Constitution if the Board is of the view that there is a demand for such alternative methods of voting, and after the Company has evaluated and put in place the necessary security processes to facilitate in absentia voting, and prevention measures against errors, fraud and other irregularities.

CORPORATE GOVERNANCE

The Company Secretary prepares the minutes of the general meeting. The minutes record substantive and relevant comments or queries from shareholders relating to the agenda and the responses from the Company. The Company will publish the minutes of the AGM on SGXNET and the Company's website within a month after the date of the AGM.

The Company aims to balance the distribution of dividends to shareholders with the funding needs of the Company. The Company strives to provide consistent dividend payments to its shareholders on an annual basis, taking into consideration the Group's earnings, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate for prudent capital management and an efficient capital structure.

The Company has adopted a dividend policy that aims to provide shareholders of the Company of not less than 33% of the net profit attributable to Shareholders excluding non-controlling interests and non-recurring, one-off and exceptional items.

Such declaration and payment of dividends shall be determined at the sole discretion of the Board, taking into account, inter-alia:–

- (i) the level of the Group's cash and retained earnings;
- (ii) the Group's actual and projected financial performance;
- (iii) the Group's projected levels of capital expenditure and other investment plans;
- (iv) the Group's working capital requirements and general financing condition;
- (v) restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and
- (vi) any other factors that the Directors deem appropriate.

The Board has proposed a final dividend of 1.5 Singapore cent per ordinary share and special dividend of 0.5 Singapore cent per ordinary share for FY2022 which will be subject to shareholders' approvals at the forthcoming AGM.

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

It is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has a material impact on the Group in line with the continuous disclosure obligations of the Company pursuant to the Listing Manual. Such information is disclosed in an accurate and comprehensive manner via SGXNET. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

The Company does not make selective disclosure to only certain groups of persons. It adopts a policy of making all necessary disclosures in public announcements via SGXNET, the corporate website, press releases, circulars for Extraordinary General Meetings and annual reports.

It is the practice for Executive and Independent Directors to attend the AGMs with shareholders. The Board encourages dialogue with shareholders, understand their views and addresses any concern. Under the provisions of the COVID-19 (Temporary Measures) legislation, there will be no physical meeting for the FY2022 AGM. Information on how the Company engages with shareholders during the AGM is provided in the preceding section "Shareholder Rights and Conduct of General Meetings".



CORPORATE GOVERNANCE

To facilitate communication between shareholders and the Company at AGMs, shareholders may contact the Company by sending e-mails via the Company's website at URL <http://www.namlee.com.sg/>. Management is committed to responding to email enquiries on a best endeavours basis taking into consideration the disclosure rules of the Listing Manual, the need for equal access to information for all shareholders and the corporate policy of maintaining confidentiality of market competitive information to protect the interest of the Group as a whole.

MANAGING STAKEHOLDERS RELATIONSHIPS

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

The Board oversees the Group's strategic direction and long-term sustainability. It recognises the need for balancing the needs and interests of material stakeholders with those of the Company. It sets the tone from the top for matters such as values and standards (including ethical business practices) and brand reputation.

The Board has identified the following stakeholders: shareholders, employees, customers, suppliers, financiers, government and regulators and considered the key interests or concerns of these respective groups when deliberating over impactful matters.

All stakeholders have access to information from the Company through the corporate website at URL <http://www.namlee.com.sg/>. This information include the Group's business, products and projects, capabilities and awards, green initiatives, corporate governance and whistle blowing policy. Annual reports, sustainability reports, announcements and information on directors are posted on the website. The website provides easy email linkage to the Company for enquiries and direct reporting to Independent Directors for whistleblowing.

Other than providing the above information in the corporate website, additional engagements by Management with stakeholders are through various channels including meetings, videoconferencing, telephone calls, emails, announcements and training sessions. In engagements with all stakeholders, the Company is guided by ethical practices, relevance, ethical principles and the corporate policy of maintaining confidentiality for market competitive information so as to protect the interest of the Group as a whole.

An analysis of the different methods of engagement and the principal topics of engagement for the respective groups of stakeholders will be presented in the Sustainability Report for the financial year ended 30 September 2022, to be issued no later than 28 February 2023.

The methods of engagement are substantially similar to those detailed on page 9 of the Sustainability Report for the financial year ended 30 September 2021. The Sustainability Report is available on the Company's corporate website.

Dealing in Securities

The Company has adopted and implemented an internal code of conduct on dealings in the securities of the Company by the Directors and officers in the Group based on Listing Rule 1207(19) of the Listing Manual.

In compliance with the internal code of conduct, the Company issues a memo to all Directors and officers informing them that they are not permitted to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-year financial statements and full-year financial statements, or if they are in possession of unpublished price-sensitive information of the Company.



CORPORATE GOVERNANCE

The Directors and employees are discouraged from dealing in the Company's securities based on short-term considerations.

Directors are required to report to the Company Secretary whenever they deal in the Company's shares. Thereafter, the Company Secretary update the Register of Directors' Shareholdings and make the necessary announcements on SGXNET.

The Company has complied with the said Rule 1207(19) of the Listing Manual of SGX-ST during FY2022.

Interested Person Transactions

As the Company is listed on the Mainboard of the SGX-ST, it is required to comply with Chapter 9 of the Listing Manual on interested person transactions. To ensure compliance with Chapter 9 of the Listing Manual, the AC, as well as the Board, reviews every half-yearly whether there are interested person transactions as defined in Chapter 9 of the Listing Manual.

The Company did not obtain a shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual during the financial year.

Every Director is required to declare to the Board any conflict of interest in a transaction, with the Company or its subsidiaries expected to be \$100,000 or more, as soon as practicable after becoming aware of the conflict. If the Company is intending to enter into an interested person transaction, the AC and the Board will ensure that the transaction is carried out based on normal commercial terms and will not be prejudicial to the interest of the Company and its non-controlling shareholders. No disclosure of conflicts was received during FY2022.

The Company has disclosed in this Report the remuneration of the Advisors who are controlling and substantial shareholders and related to the Executive Directors.

Material Contracts

There were no material contracts between the Company and its subsidiaries involving the interests of any Director and any controlling shareholder which are either subsisting at the end of the financial year under review or if not then subsisting, entered into since the end of the previous financial year, that is required to be disclosed under Listing Rule 1207(8) of the Listing Manual. The Company establishes materiality with reference to Chapter 9 of the Listing Manual.

Risk Management

The Group is engaged in the design, fabrication, supply and installation of a wide range of steel, aluminium and unplasticised polyvinyl chloride (UPVC) products, comprising building products for HDB housing projects and other commercial projects. The Group is also engaged in fabricating aluminium frames for container refrigeration units. The main risks pertaining to the Group's business are summarised below.

- (I) Dependence on public housing projects

The Group's business can be affected by the volume and timing of construction of new HDB flats.

The Group manages the risk of variability on demand from new HDB flats by focusing on HDB upgrading and diversification with private properties, industrial and commercial buildings, infrastructure and other public and private projects.



CORPORATE GOVERNANCE

(II) Dependence on demand for marine container refrigeration units

The Group's revenue from production of aluminium frames and components for container refrigeration units for the shipping industry is dependent on the international shipping industry's demand for new refrigerated containers. Any significant reduction in demand for new refrigerated containers will have an adverse impact on the Group's operating results. The Group monitors contractual volumes and will seek expansion of scope of production to widen its product and service offerings as and when appropriate.

(III) Fluctuation in raw material prices

The Group's key raw materials, namely mild steel, stainless steel and aluminium, are subject to price fluctuations. Any significant increase in the prices of these materials will adversely affect the Group's operating results.

The Group manages the risk of price fluctuation and margin erosion by buying raw materials pegged to contract requirements, sourcing for alternative sources of supply and undertaking derivative contracts in material prices, the effects of which are covered by customer agreement.

(IV) Delays in project completion

The Group is exposed to the risk of being liable for liquidated damages, which are pre-determined sums payable by reference to the length of delays, in the event that it is unable to complete a project within the stipulated period of time due to factors attributable to the Group.

The Group manages this risk by close monitoring of its projects by its qualified and experienced personnel.

(V) Dependence on foreign workers

The Group, like many companies in similar industry, is dependent on foreign workers due to the shortage of Singaporean labour. It is vulnerable to the shortage of foreign workers and any increase in foreign worker levies, which will result in an increase in the Group's operating costs.

The Group reduces the impact of shortage of foreign workers and cost escalation by relocating labour-intensive operations to its Malaysian plants.

(VI) Financial risk management objectives and policies

Please refer to Note 32 of the Notes to Financial Statements.

(VII) Dependence on relationship with a major customer

A major customer accounts for a substantial portion of our revenue. Although we have a long-term contract with our major customer, future renewal of such contracts on mutually acceptable terms cannot be assured. Should volume of purchases be substantially reduced or key terms changed to our disadvantage, our operating income and profits may be adversely affected to a material extent. The Group monitors key performance targets, engages with the customer to determine and satisfy their needs, and offers to value add to the customer's supply chain requirements whenever possible.

(VIII) We can be affected by competition from competitors and new entrants

The aluminium and steel products industry is competitive and such competition may increase due to the entry of new players. In the event our competitors are able to provide comparable products at lower prices or respond to changes in market conditions more swiftly or effectively than we do, our business and financial performance will be adversely affected. There is no assurance that we will be able to compete effectively in every instance. However, we seek to keep abreast of market developments; provide tested, reliable and responsive services, product ranges and quality; and stay continually relevant to our customers.



CORPORATE GOVERNANCE

(IX) Our success depends on our ability to attract and retain key personnel

The Group's success depends to a significant extent upon a number of key employees and senior Management. The loss of service of one or more of these key employees, most of whom are not bound by formal long-term employment agreements, can have a material adverse effect on the Group's relationships with customers and operating efficiency. The Group recognises that its future success will also depend in large part upon its ability to attract and retain highly skilled managerial personnel who can also identify with the corporate objectives and culture. The Board evaluates the business needs and take appropriate actions to manage availability of required management resources.

Information on Key Executives

Mr Lim Hock Leong

Mr Lim is the General Manager and is responsible for the management of the daily operations of the Group, which include sales and marketing, investments, and corporate finance. Mr Lim has over 30 years of working experience in the metal engineering and fabrication business. He joined the Company in 1988 as its Financial Controller after accumulating more than nine years of experience in accounting and finance functions of three companies listed in Singapore. He was promoted to General Manager of the Company in 1996. He holds a Bachelor in Commerce (Accountancy) degree from the then Nanyang University (now known as Nanyang Technological University).

Ms Christine Phua

Ms Phua is the Material Procurement Manager and is responsible for the Group's material planning and procurement and inventory management. Ms Phua joined Nam Lee Industries in 1974 and was promoted to the position of Material Procurement Manager in 1981. She has more than 40 years of experience in this area.

Mr Tan Bee Kin

Mr Tan is the Project Director and is responsible for product design and project management. Mr Tan joined the Company as Engineering Manager in 2001. Prior to joining the Company, Mr Tan had 20 years of experience in management and design in Automation and Surface Treatment system. Mr Tan holds a Bachelor of Science (Engineering) degree from University of Aberdeen, UK.

Mr Qin Tao

Mr Qin is the Senior Design Manager and is responsible for the project design team management. Mr Qin joined the company in 2013 as Design Manager and had 20 years of experience in building facade industry. Mr Qin holds a Bachelor of Technology degree (Civil Engineering) from National University of Singapore.

Mr Loh Chee Boon

Mr Loh is the Financial Controller of the Company and is responsible for the financial and accounting functions for the Group. Mr Loh joined the Company in 2019 as Finance Manager. Prior to joining the Company, he had more than 10 years of financial and accounting experience in companies listed on Singapore and Taiwan Stock Exchange. He is a member of the Institute of Singapore Chartered Accountants and holds an ACCA professional certificate from the Association of Chartered Certified Accountants.



DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Nam Lee Pressed Metal Industries Limited (the "Company") and its subsidiaries (collectively, the Group) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2022.

1. Opinion of the directors

In the opinion of the directors,

- (i) 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 30 September 2022 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Yong Li Yuen, Joanna
Yong Han Keong, Eric
Yong Han Lim, Adrian
Yeoh Lam Hock
Tay Teck Seng Joshua
Wong - Yeo Siew Eng

3. Arrangements to enable directors to acquire shares and debentures

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



DIRECTORS' STATEMENT

4. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company as stated below:

	Held in name of directors			Deemed interest		
	At 1.10.21	At 30.9.22	At 21.10.22	At 1.10.21	At 30.9.22	At 21.10.22

Name of director

Ordinary shares of the Company

Yong Li Yuen, Joanna	-	-	-	-	-	-
Yong Han Keong, Eric	170	170	170	-	-	-
Yong Han Lim, Adrian	551,033	551,033	551,033	-	-	-
Yeoh Lam Hock	-	-	-	-	-	-
Tay Teck Seng Joshua	-	-	-	-	-	-
Wong - Yeo Siew Eng	-	-	-	-	-	-

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 October 2022.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries at the end of the financial year.

6. Audit Committee

The Audit Committee (AC) carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967. The functions performed are detailed in the Report on Corporate Governance. The Audit Committee comprises three independent directors. The members of the Audit Committee are:

Wong - Yeo Siew Eng	Chairman
Yeoh Lam Hock	Member
Tay Teck Seng Joshua	Member

Further details regarding the AC and its functions are disclosed in the Report on Corporate Governance.



DIRECTORS' STATEMENT

7. Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Yong Li Yuen, Joanna
Director

Yong Han Keong, Eric
Director

Singapore
16 December 2022



INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2022

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nam Lee Pressed Metal Industries Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statement of financial position of the Group and the Company as at 30 September 2022, the statement of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the 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 30 September 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2022

Report on the audit of the financial statements (cont'd)

Key Audit Matters (cont'd)

Expected credit losses ("ECL") for trade receivables

As at 30 September 2022, trade receivables balances from external parties amounting to \$50.8 million were significant as they represent 20.5% of the Group's total assets. The Group determines ECL for trade receivables by making debtor-specific assessment for credit-impaired debtors. The Group uses provision matrix method for the remaining group of trade debtors that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. This assessment involved significant management judgement and estimation uncertainty that has been heightened by the global economic slowdown ensuing the COVID-19 pandemic. Accordingly, we determine this to be a key audit matter.

As part of our audit procedures, we obtained an understanding and evaluated management's processes and controls relating to the monitoring of trade receivables. We performed audit procedures, amongst others, requesting trade receivable confirmations on a sample basis and obtaining evidence of receipts from these debtors after the financial year end. We performed inquiry of management to obtain understanding of any dispute between the Group and debtors. We discussed with management on the collectability of trade receivables and inquired management if there are any known customers which are potentially more impacted by the COVID-19 pandemic, which may then affect their ability to repay their debts. We assessed management's estimates on the historical loss rate through analysis of ageing of receivables and assessment of significant overdue individual debtors. We evaluated the provision matrix prepared by management for determining ECL allowance and reviewed management's consideration of forward-looking adjustments such as economic data and external information including the potential impact of the COVID-19 pandemic. We checked the arithmetic accuracy of the ECL allowance computation. We also assessed the adequacy of the Group's disclosures of trade receivables and the related credit and liquidity risks in Notes 14 and 32 to the financial statements.

Impairment assessment of investments in subsidiaries

As at 30 September 2022, the gross carrying amount of the Company's investment in subsidiaries was \$26.2 million (30 September 2021: \$16.2 million). Management recognised accumulated impairment loss on investment in subsidiaries amounting to \$14.4 million as at 30 September 2022 (30 September 2021: \$10.6 million). Management identified investments in certain loss-making subsidiaries for impairment assessment. We considered the audit of management's impairment assessment of investments in subsidiaries to be a key audit matter due to magnitude of the gross carrying amount being tested for impairment, the heightened level of estimation uncertainty associated with current economic conditions which has been impacted by Covid-19 pandemic and it involved significant management judgment.

The recoverable amounts of the investment in subsidiaries are determined based on value in use calculations using cash flow projections approved by management. We discussed with the relevant senior management personnel to understand the basis for the key assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the investment in subsidiaries. The key assumptions include the revenue growth rates, budgeted gross margin and discount rates. We assessed the reasonableness of the revenue growth rates and budgeted gross margin by comparing them to confirmed order book on hand, taking into consideration timing of the subsidiaries' operation return to normalcy and current business environment due to Covid-19. We involved our internal valuation specialists in assessing the reasonableness of the discount rates by checking to comparable companies in the same industry. We reviewed management's analysis of the sensitivity of the value in use calculations to reasonable changes in key assumptions, such as the projected of revenue growth rates and gross profit margin. We also reviewed the adequacy of the disclosures in Note 12 to the financial statements.



INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2022

Other information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- 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.



INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2022

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

- 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

For the financial year ended 30 September 2022

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ho Shyan Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
16 December 2022



CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 September 2022

	Note	2022 \$'000	2021 \$'000
Revenue	4	229,153	198,687
Cost of sales		(199,847)	(166,297)
Gross profit		29,306	32,390
Selling and distribution expenses		(2,583)	(2,627)
Administrative expenses		(11,360)	(12,753)
Other operating expenses		(2,252)	(2,681)
Operating profit	5	13,111	14,329
Interest income	6	38	61
Finance costs	6	(1,803)	(1,029)
Other income	7	2,197	6,889
Profit before tax		13,543	20,250
Income tax expense	8	(3,386)	(4,534)
Profit for the year		10,157	15,716
Attributable to:			
Owners of the Company		10,157	15,716
		10,157	15,716
Earnings per share (cents per share)			
- Basic	9	4.20	6.49
- Diluted	9	4.20	6.49

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2022

	Note	2022 \$'000	2021 \$'000
Profit for the year		10,157	15,716
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
- Foreign currency translation		(2,267)	(453)
- Fair value adjustment on quoted securities		-	(1)
Other comprehensive loss for the year, net of tax		(2,267)	(454)
Total comprehensive income for the year		7,890	15,262
Attributable to:			
Owners of the Company		7,890	15,262
		7,890	15,262

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



STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current assets					
Property, plant and equipment	10	62,050	63,770	26,243	25,852
Right-of-use assets	22	10,021	11,287	9,724	10,288
Quoted securities	11	2	2	2	2
Investment in subsidiaries	12	–	–	11,814	5,654
Deferred tax assets	23	384	456	–	–
		72,457	75,515	47,783	41,796
Current assets					
Quoted securities	11	–	1,252	–	1,252
Inventories	13	78,972	69,699	7,345	12,304
Trade receivables	14	50,810	37,960	33,811	28,417
Contract assets	4	9,037	5,779	–	–
Other receivables and deposits	15	2,185	1,910	323	256
Prepayments		2,343	2,334	298	630
Amounts due from subsidiaries (non-trade)	16	–	–	79,121	75,936
Derivatives	17	402	1,716	402	1,716
Tax recoverable		1,160	924	–	–
Cash and fixed deposits	31	30,789	25,241	23,923	18,438
		175,698	146,815	145,223	138,949
Total assets		248,155	222,330	193,006	180,745
Current liabilities					
Trade payables	18	7,741	9,617	10,539	12,079
Other payables and accruals	19	20,119	21,141	4,646	11,121
Provision for warranty	20	1,097	686	–	–
Loans and borrowings	21	38,030	8,326	33,519	8,253
Derivatives	17	667	–	667	–
Lease liabilities	22	665	1,008	335	331
Income tax payables		806	2,516	142	2,372
		69,125	43,294	49,848	34,156
Non-current liabilities					
Loans and borrowings	21	5,850	8,775	5,850	8,775
Lease liabilities	22	10,491	10,970	10,292	10,628
Deferred tax liabilities	23	1,490	1,141	400	388
		17,831	20,886	16,542	19,791
Total liabilities		86,956	64,180	66,390	53,947
Net assets		161,199	158,150	126,616	126,798
Equity attributable to owners of the Company					
Share capital	24	57,582	57,582	57,582	57,582
Treasury shares	24	(532)	(532)	(532)	(532)
Retained earnings		115,071	109,755	69,570	69,752
Capital reserve	25	104	104	–	–
Foreign currency translation reserve	26	(11,022)	(8,755)	–	–
Fair value adjustment reserve	27	(4)	(4)	(4)	(4)
Total equity		161,199	158,150	126,616	126,798

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



STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2022

		Attributable to owners of the Company						
Note	Share capital	Treasury shares	Retained earnings	Capital reserve	Foreign currency translation reserve	Fair value adjustment reserve	Total equity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2022								
Group								
At 1 October 2021	57,582	(532)	109,755	104	(8,755)	(4)	158,150	
Profit for the year	-	-	10,157	-	-	-	10,157	
<u>Other comprehensive income:</u>								
- Foreign currency translation	-	-	-	-	(2,267)	-	(2,267)	
Total comprehensive income for the year, net of tax	-	-	10,157	-	(2,267)	-	7,890	
<u>Contribution by and distribution to owners:</u>								
Dividends on ordinary shares 28	-	-	(4,841)	-	-	-	(4,841)	
At 30 September 2022	57,582	(532)	115,071	104	(11,022)	(4)	161,199	

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



STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2022

		Attributable to owners of the Company						
Note	Share capital	Treasury shares	Retained earnings	Capital reserve	Foreign currency translation reserve	Fair value adjustment reserve	Total equity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2021								
Group								
At 1 October 2020	57,582	(532)	97,670	104	(8,302)	(3)	146,519	
Profit for the year	-	-	15,716	-	-	-	15,716	
<u>Other comprehensive income:</u>								
- Fair value adjustment	-	-	-	-	-	(1)	(1)	
- Foreign currency translation	-	-	-	-	(453)	-	(453)	
Total comprehensive income for the year, net of tax	-	-	15,716	-	(453)	(1)	15,262	
<u>Contribution by and distribution to owners:</u>								
Dividends on ordinary shares	28	-	(3,631)	-	-	-	(3,631)	
At 30 September 2021	57,582	(532)	109,755	104	(8,755)	(4)	158,150	

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



STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2022

	Note	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Fair value adjustment reserve \$'000	Total equity \$'000
2022						
Company						
At 1 October 2021		57,582	(532)	69,752	(4)	126,798
Profit for the year, representing total comprehensive income for the year, net of tax		–	–	4,659	–	4,659
<u>Contribution by and distribution to owners:</u>						
Dividends on ordinary shares	28	–	–	(4,841)	–	(4,841)
At 30 September 2022		57,582	(532)	69,570	(4)	126,616

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



STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2022

	Note	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Fair value adjustment reserve \$'000	Total equity \$'000
2021						
Company						
At 1 October 2020		57,582	(532)	59,389	(3)	116,436
Profit for the year		–	–	13,994	–	13,994
<u>Other comprehensive income:</u>						
- Fair value adjustment		–	–	–	(1)	(1)
Total comprehensive income for the year, net of tax		–	–	13,994	(1)	13,993
<u>Contribution by and distribution to owners:</u>						
Dividends on ordinary shares	28	–	–	(3,631)	–	(3,631)
At 30 September 2021		57,582	(532)	69,752	(4)	126,798

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



CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2022

	Note	2022 \$'000	2021 \$'000
Operating activities			
Profit before tax		13,543	20,250
Adjustments for:			
Depreciation of property, plant and equipment	5, 10	5,094	4,894
Depreciation of right-of-use assets	5, 22	1,117	1,457
(Gain)/loss on disposal of property, plant and equipment, net		(7)	11
Property, plant and equipment written off	5	23	22
Derecognition of right-of-use assets	5	28	-
Fair value gain on derivatives	7	(850)	(5,018)
Finance costs	6	1,803	1,029
Interest income from fixed deposits	6	(5)	(7)
Interest income from quoted securities	6	(33)	(54)
Provision for warranty and replacement cost, net	20	411	674
Amortisation of bond premium		2	4
Provision for onerous contracts		59	368
Provision for/(write back of) – net realizable value and slow moving		52	(201)
Foreign currency translation adjustment		(1,125)	38
Operating cash flows before changes in working capital		20,112	23,467
Increase in inventories		(9,325)	(14,753)
Increase in receivables and contract assets		(16,392)	(11,804)
(Decrease)/increase in payables		(3,349)	8,086
Increase in derivatives		2,831	4,625
Cash flows (used in)/generated from operations		(6,123)	9,621
Income taxes paid		(4,919)	(1,641)
Interest received		5	7
Interest paid		(1,411)	(1,029)
Net cash flows (used in)/generated from operating activities		(12,448)	6,958
Investing activities			
Purchase of property, plant and equipment		(4,922)	(6,098)
Proceeds from disposal of property, plant and equipment		125	166
Proceeds from quoted security		1,250	4,000
Interest income from quoted securities	6	33	54
Net cash flows used in investing activities		(3,514)	(1,878)
Financing activities			
Increase in fixed deposit - pledged		(3)	(4)
Payment of principal portion of lease liabilities	21	(943)	(1,178)
Net proceeds from loans and borrowings	21	26,779	5,401
Dividends paid on ordinary shares	28	(4,841)	(3,631)
Net cash flows generated from financing activities		20,992	588
Net increase in cash and cash equivalents		5,030	5,668
Cash and cash equivalents at 1 October		25,052	19,395
Effect of exchange rate changes on cash and cash equivalents		524	(11)
Cash and cash equivalents at 30 September	31	30,606	25,052

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

1. Corporate information

Nam Lee Pressed Metal Industries Limited (the “Company”) is a limited liability company, which is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 4 Gul Way, Singapore 629192.

The principal activities of the Company include the design, fabrication, supply and installation of steel and aluminium products such as gates, door frames, railings, laundry racks, letter boxes, sliding windows, sliding doors, curtain wall and cladding system for building and infrastructure projects and the supply of aluminium industrial products for container refrigeration units.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (“SGD” or “\$”) and all values in the tables are rounded to the nearest thousand (\$’000), except when otherwise indicated.

2.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2021	1 January 2022
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.3 Basis of consolidation

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

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

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

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

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

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

2.4 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.5 Foreign currency

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

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

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

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost includes the cost of replacing part of the property, plant and equipment.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.6 Property, plant and equipment (cont'd)

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	–	Over the remaining period of lease
Buildings on freehold land	–	50 years
Buildings on leasehold land	–	Lower of 50 years and the remaining period of lease
Buildings improvements	–	10 years
Furniture and fittings	–	10 years
Motor vehicles	–	5 to 10 years
Office equipment	–	10 years
Plant and machinery	–	5 to 10 years
Tools	–	10 years

Assets under construction included in plant and machinery are not depreciated as these assets are not available for use. Freehold land has an infinite useful life and therefore is not depreciated.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.7 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.8 Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

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

Subsequent measurement

Investments in debt instruments

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

(i) Amortised cost

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

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

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derivatives

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

De-recognition

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.9 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

2.10 Impairment of financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.10 Impairment of financial assets (cont'd)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand as well as fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials determined on a first-in-first-out basis and in the case of finished products and work-in-progress, includes direct materials, direct labour and attributable production overheads based on normal levels of activity. These costs are assigned on a first-in-first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Provisions

General

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

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

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed annually.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.14 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme ("CPF") and the Group's companies in Malaysia make contribution to the Employee Provident Fund scheme ("EPF"). Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

2.15 *Leases*

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

As lessee

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

(i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated 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 cost 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, as follows:

Land use rights	–	6 to 28 years
Accommodation	–	2 to 3 years
Office equipment	–	2 to 5 years



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.15 Leases (cont'd)

As lessee (cont'd)

(i) **Right-of-use assets (cont'd)**

If the ownership of the lease assets transfers to the Group at the end of the lease 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 subject to impairment. The accounting policy for impairment of non-financial assets is set out in Note 2.7.

(ii) **Lease liabilities**

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

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

(iii) **Short-term leases and leases of 'low value' assets**

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.16 Revenue

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

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

(a) **Sale of goods**

Revenue from products supplied for the construction of flats and houses under construction is recognised when the products delivered and installation have been accepted and certified by the main contractors.

Revenue from the sales of goods for aluminium industrial products and other miscellaneous sales is recognised upon the transfer of significant risk and rewards of ownership to the customer which generally coincide with their delivery and acceptance.

(b) **Interest income**

Interest income is recognised using the effective interest method.

(c) **Dividend income**

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

2.17 Taxes

(a) **Current income tax**

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.17 Taxes (cont'd)

(b) **Deferred tax**

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

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

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

2.18 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segmental information.

2.19 Share capital and share issuance expense

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

2.20 Contingencies

A contingent liability is:

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

3. Significant accounting judgments and estimates

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

(a) **Judgments made in applying accounting policies**

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

Determination of functional currency

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

(b) **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Allowance for expected credit losses of trade receivables

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

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

(b) **Key sources of estimation uncertainty (cont'd)**

(i) Allowance for expected credit losses of trade receivables (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 32(c).

The carrying amount of trade receivables as at 30 September 2022 was \$50,810,000 (2021: \$37,960,000) respectively.

(ii) Impairment of investment in subsidiaries

The Group assesses at the end of each reporting period whether there is any objective evidence that an investment in subsidiary is impaired. Factors such as the subsidiary being in a shortfall position compared to the cost of investment or in a recurring loss-making position are objective evidence of impairment. If any indication exists, the Group makes an estimate of the subsidiary's recoverable amount.

A subsidiary's recoverable amount is the higher of its carrying amount and its value in use. Where the carrying amount of an investment in subsidiary exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the terminal growth rate used for extrapolation purposes.

The carrying amount of the Company's investment in subsidiaries at the end of the reporting period was \$11,814,000 (2021: \$5,654,000).



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

4. Revenue from contracts with customers

4.1 Disaggregated revenue information

Segments	For the year ended 30 September 2022				
	Aluminium	Mild steel	Stainless steel	UPVC	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Geographical markets					
Singapore	186,908	22,424	621	13,730	223,683
Malaysia	5,296	59	69	46	5,470
	192,204	22,483	690	13,776	229,153
Timing of revenue recognition					
At a point in time	154,222	59	69	46	154,396
Over time	37,982	22,424	621	13,730	74,757
	192,204	22,483	690	13,776	229,153

Segments	For the year ended 30 September 2021				
	Aluminium	Mild steel	Stainless steel	UPVC	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Geographical markets					
Singapore	167,792	22,861	538	3,399	194,590
Malaysia	4,066	10	17	4	4,097
	171,858	22,871	555	3,403	198,687
Timing of revenue recognition					
At a point in time	150,130	10	17	3	150,160
Over time	21,728	22,861	538	3,400	48,527
	171,858	22,871	555	3,403	198,687

4.2 Contract balances

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

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables	50,810	37,960	33,811	28,417
Contract assets	9,037	5,779	-	-

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for supply and installation of steel, aluminium and UPVC products. Contract assets are transferred to receivables when the rights become unconditional.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

5. Operating profit

The following items have been included in arriving at operating profit:

	Group	
	2022 \$'000	2021 \$'000
Cost of sales:		
Salaries and bonuses (excluding directors' emoluments)	(17,290)	(17,156)
Contribution to defined contribution plans	(3,248)	(3,123)
Depreciation of property, plant and equipment*	(4,338)	(4,146)
Depreciation of right-of-use asset*	(546)	(649)
Operating lease expense	(2,011)	(595)
Professional fee	(684)	(662)
Provision for replacement cost	-	(495)
Selling and distribution expenses:		
Salaries and bonuses (excluding directors' emoluments)	(446)	(626)
Contribution to defined contribution plans	(29)	(25)
Depreciation of property, plant and equipment*	(239)	(235)
Transportation expenses	(1,464)	(1,314)
Administrative expenses:		
Audit fees paid to:		
- Auditor of the Company	(169)	(153)
- Other member firms of Ernst & Young Global	(53)	(55)
Non-audit fees paid to:		
- Auditor of the Company	(112)	(29)
- Other member firms of Ernst & Young Global	(58)	(65)
Salaries and bonuses (excluding directors' emoluments)	(4,409)	(4,960)
Contribution to defined contribution plans	(362)	(391)
Directors of the Company:		
- Fees	(150)	(166)
- Remuneration	(576)	(576)
- Contribution to defined contribution plans	(52)	(52)
Advisors of the Company:		
- Remuneration	(1,756)	(2,213)
- Contribution to defined contribution plans	(16)	(16)
Directors' fees of subsidiaries	(17)	(16)
Depreciation of property, plant and equipment*	(517)	(513)
Depreciation of right-of-use asset*	(571)	(808)
Accommodation expenses	(577)	(439)
Other operating expenses:		
Property, plant and equipment written off	(23)	(22)
Derecognition of right-of-use assets	(28)	-
Gain/(Loss) on disposal of property, plant and equipment	7	(11)
Legal and professional fee	(331)	(334)
Loss on foreign exchange, net	(721)	(986)

* Depreciation charge of property, plant and equipment and right-of-use assets for the Group are \$5,094,000 (2021: \$4,894,000) (Note 10) and \$1,117,000 (2021: \$1,457,000) (Note 22) respectively.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

6. Interest income/Finance costs

	Group	
	2022	2021
	\$'000	\$'000
Interest income from:		
- Fixed deposits	5	7
- Quoted securities	33	54
	38	61
Finance costs on:		
- Term loans	(194)	(226)
- Trust receipts	(813)	—*
- Lease interest	(796)	(803)
	(1,803)	(1,029)

* Finance cost on trust receipts is less than \$1,000 as at 30 September 2021.

7. Other income

	Group	
	2022	2021
	\$'000	\$'000
Government grant income	796	1,624
Fair value gain on derivative	850	5,018
Others	551	247
	2,197	6,889

Government grant income relates mainly to Job Growth Incentive, Job Support Scheme (“JSS”), Levy Waiver & Rebate, Special Employment Credit (“SEC”) grants, Wage Credit Scheme (“WCS”), Employment and Employability Institute grants and COVID Safe Firm Based Support.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

8. Income tax expense

The major components of income tax expense for the years ended 30 September are:

	Group	
	2022	2021
	\$'000	\$'000
Consolidated income statement:		
Current income tax		
- Current year	(3,010)	(4,023)
- Over provision in respect of prior years	93	84
	(2,917)	(3,939)
Deferred income tax		
- Origination and reversal of temporary differences	(380)	(252)
- Under provision in respect of prior years	(89)	(343)
	(469)	(595)
Income tax expense recognised in profit or loss	(3,386)	(4,534)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 September are as follows:

	Group	
	2022	2021
	\$'000	\$'000
Profit before tax	13,543	20,250
Tax at statutory tax rate of 17% (2021: 17%)	(2,302)	(3,443)
Adjustments:		
Effect of differences in statutory tax rate	(857)	(531)
Expenses not deductible for tax purposes	(583)	(473)
Utilisation of current year reinvestment allowance	79	-
Tax exempt income	35	17
Over/(under) provision in respect of prior years, net	4	(259)
Income not subject to tax	17	194
Others	221	(39)
Income tax expense recognised in profit or loss	(3,386)	(4,534)



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

9. Earnings per share

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

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 September:

	Group	
	2022	2021
	\$'000	\$'000
Profit for the year, net of tax, attributable to owners of the Company	10,157	15,716
	No. of Shares '000	No. of Shares '000
Weighted average number of ordinary shares	242,056	242,056
	Cents	Cents
Earnings per share	4.20	6.49



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

10. Property, plant and equipment

Group	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Buildings improvements	Furniture and fittings	Motor vehicles	Office equipment	Plant and machinery	Tools	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:											
At 1 October 2021	11,115	627	13,845	24,791	8,069	833	6,924	3,768	43,670	5,702	119,344
Additions	-	-	-	-	1,773	39	343	268	2,632	109	5,164
Disposals/written off	-	-	-	-	-	(44)	(232)	(102)	(283)	(471)	(1,132)
Reclassification	-	-	-	-	(231)	-	-	-	231	-	-
Exchange differences	(477)	(22)	(722)	(38)	(129)	(27)	(90)	(79)	(1,579)	(19)	(3,182)
At 30 September 2022	10,638	605	13,123	24,753	9,482	801	6,945	3,855	44,671	5,321	120,194
Accumulated depreciation:											
At 1 October 2021	-	159	3,004	4,849	3,860	795	4,490	2,739	32,448	3,230	55,574
Depreciation charge for the year	-	9	288	1,085	363	23	500	232	2,488	106	5,094
Disposals/written off	-	-	-	-	-	(44)	(222)	(102)	(152)	(471)	(991)
Exchange differences	-	(8)	(138)	(14)	(106)	(24)	(78)	(51)	(1,099)	(15)	(1,533)
At 30 September 2022	-	160	3,154	5,920	4,117	750	4,690	2,818	33,685	2,850	58,144
Net carrying amount:											
At 30 September 2022	10,638	445	9,969	18,833	5,365	51	2,255	1,037	10,986	2,471	62,050

Group	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Buildings improvements	Furniture and fittings	Motor vehicles	Office equipment	Plant and machinery	Tools	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:											
At 1 October 2020	11,240	633	13,952	24,801	6,703	839	6,486	3,506	40,609	5,695	114,464
Additions	-	-	81	-	1,412	1	620	285	3,686	13	6,098
Disposals/written off	-	-	-	-	(12)	-	(159)	(3)	(235)	(1)	(410)
Exchange differences	(125)	(6)	(188)	(10)	(34)	(7)	(23)	(20)	(390)	(5)	(808)
At 30 September 2021	11,115	627	13,845	24,791	8,069	833	6,924	3,768	43,670	5,702	119,344
Accumulated depreciation:											
At 1 October 2020	-	152	2,740	3,767	3,528	779	4,145	2,521	30,477	3,135	51,244
Depreciation charge for the year	-	9	294	1,085	369	22	493	230	2,293	99	4,894
Disposals/written off	-	-	-	-	(12)	-	(128)	(1)	(69)	(1)	(211)
Exchange differences	-	(2)	(30)	(3)	(25)	(6)	(20)	(11)	(253)	(3)	(353)
At 30 September 2021	-	159	3,004	4,849	3,860	795	4,490	2,739	32,448	3,230	55,574
Net carrying amount:											
At 30 September 2021	11,115	468	10,841	19,942	4,209	38	2,434	1,029	11,222	2,472	63,770



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

Company	Buildings	Building on	Furniture	Motor	Office	Plant and	Tools	Total
	improvements	leasehold	and fittings	vehicles	equipment	machinery		
	\$'000	land	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:								
At 1 October 2021	2,709	24,020	332	3,661	1,901	9,629	2,318	44,570
Additions	1,577	–	–	–	188	853	–	2,618
Disposals/written off	–	–	(43)	(67)	(93)	(79)	(465)	(747)
At 30 September 2022	4,286	24,020	289	3,594	1,996	10,403	1,853	46,441
Accumulated depreciation:								
At 1 October 2021	1,041	4,548	318	1,948	1,450	7,113	2,300	18,718
Depreciation charge for the year	229	1,069	8	290	123	432	2	2,153
Disposals/written off	–	–	(43)	(67)	(93)	(5)	(465)	(673)
At 30 September 2022	1,270	5,617	283	2,171	1,480	7,540	1,837	20,198
Net carrying amount:								
At 30 September 2022	3,016	18,403	6	1,423	516	2,863	16	26,243

Company	Buildings	Building on	Furniture	Motor	Office	Plant and	Tools	Total
	improvements	leasehold	and fittings	vehicles	equipment	machinery		
	\$'000	land	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:								
At 1 October 2020	1,366	24,020	332	3,396	1,656	7,731	2,318	40,819
Additions	1,355	–	–	424	247	1,932	–	3,958
Disposals/written off	(12)	–	–	(159)	(2)	(34)	–	(207)
At 30 September 2021	2,709	24,020	332	3,661	1,901	9,629	2,318	44,570
Accumulated depreciation:								
At 1 October 2020	825	3,480	311	1,777	1,335	6,765	2,296	16,789
Depreciation charge for the year	228	1,068	7	300	115	370	4	2,092
Disposals/written off	(12)	–	–	(129)	–	(22)	–	(163)
At 30 September 2021	1,041	4,548	318	1,948	1,450	7,113	2,300	18,718
Net carrying amount:								
At 30 September 2021	1,668	19,472	14	1,713	451	2,516	18	25,852



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

The Group's properties as at 30 September 2022 are:

Name of building/location	Description	Tenure of land
No. 2 & 2A Jalan Tampoi 7, Kawasan Perusahaan Tampoi, 81200 Johor Bahru, Johor, Malaysia	Factory and office premises	Freehold
No. 50 Jalan Industri 2, Taman Perindustrian Pekan Nenas, 81500 Pekan Nenas, Johor Darul Takzim, Malaysia	Factory and office premises	Freehold
No. 3, Jalan Lengkok NIP 1/1, Taman Perindustrian Nusajaya 1, 81550 Gelang Patah, Johor Darul Takzim, Malaysia	Factory and office premises	Freehold
No. 8, Jalan Hasil, Kawasan Perindustrian Tampoi, 81200 Johor Bahru, Malaysia	Factory and office premises	Freehold
PTD 182036, Jalan SILC 2/1, Kawasan Perindustrian SILC, Iskandar Puteri, Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land	Freehold
PLO 101, Jalan Cyber 5, Kawasan Perindustrian Senai III, 81400 Senai, Johor, Malaysia	Factory and office premises	61-year lease commencing from 24 September 2003
21 Sungei Kadut Street 4, Singapore 729048	Factory and office premises	146-month lease commencing from 16 October 2013
4 Gul Way, Singapore 629192	Factory and office premises	331-month lease commencing from 14 September 2020

Assets under construction

The Group's plant and equipment includes assets under construction amounting to \$297,000 (2021: \$656,000). There is no depreciation for assets under construction which will only start once the assets are available for use.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

11. Quoted securities

	Group and Company	
	2022	2021
	\$'000	\$'000
Non-current assets		
Quoted equity investments	2	2
	2	2
Current assets		
Quoted bond investments*	-	1,252
	-	1,252

* Quoted bond investments in corporate bonds were made for coupon rates at 3.7% per annum, with maturity date 29 August 2022. There were no quoted investments in corporate bonds purchased during the financial year ended 2022 or held as at 30 September 2022.

12. Investment in subsidiaries

	Company	
	2022	2021
	\$'000	\$'000
Unquoted equity shares, at cost	26,226	16,226
Less: Accumulated impairment losses	(14,412)	(10,572)
Carrying amount of investment in subsidiaries	11,814	5,654

During the financial year, management performed a review on the recoverable amount of the investment in subsidiaries. The recoverable amount was estimated based on value-in-use calculations derived from cash flow projections. Key assumptions include revenue growth rates, terminal growth rate and discount rates as follows:

	Nam Lee Pressed Metal Pte. Ltd.	
	2022	2021
Revenue growth rate	-30% to 3.4%	-14.6% to 26.8%
Terminal growth rate	1.5%	1.5%
Pre-tax discount rate	12%	12%



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

12. Investment in subsidiaries (cont'd)

Based on the assessment, an impairment loss of \$3,840,000 (2021: \$18,000) was recognised during the financial year.

	Name (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Proportion of ownership interest	
			2022 \$'000	2021 \$'000	2022 %	2021 %
<i>Held by the Company</i>						
*	NL Metals Sdn Bhd (Malaysia)	Manufacture of aluminium industrial products, aluminium sliding windows, grilles, gates and other related metal products (Malaysia)	1,957	1,957	100	100
*	NL Mechanical Engineering Sdn Bhd (Malaysia)	Manufacture of grilles, gates, drying racks, hopper, other metal and steel-based products (Malaysia)	562	562	100	100
*	Nam Lee Pressed Metal Sdn Bhd (Malaysia)	Manufacture of metal fabricated products (Malaysia)	1,322	1,322	100	100
*	Nam Lee Industries Sdn Bhd (Malaysia)	Manufacture of metal fabricated products (Malaysia)	1,078	1,078	100	100
#	P.T. Nam Lee Metal Industries (Indonesia)	Manufacturing of building metal products (Indonesia)	307	307	100	100



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

12. Investment in subsidiaries (cont'd)

	Name (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Proportion of ownership interest	
			2022 \$'000	2021 \$'000	2022 %	2021 %
<i>Held by the Company</i>						
##	Nam Lee Pressed Metal Pte Ltd (Singapore)	Fabrication, installation and supply of building materials and products (Singapore)	20,000 (Note a)	10,000	100	100
##	NL Pressed Metal Pte Ltd (Singapore)	Fabrication, installation and supply of building materials and products (Singapore)	1,000	1,000	100	100
<i>Held through subsidiaries</i>						
*	Swan Metal Products Sdn Bhd (Malaysia)	Manufacture of metal fabricated products (Malaysia)	–	–	100	100

* Audited by Ernst & Young, Malaysia

Not required to be audited by laws of country of incorporation

Audited by Ernst & Young LLP, Singapore

Note a: During the year, 10 million new ordinary shares of the Company were issued to the holding company for a consideration of \$10 million, which was settled through capitalisation of the same amount due to the holding company.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

13. Inventories

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Finished goods	25,009	14,266	551	1,254
Work-in-progress	4,139	4,543	3	316
Raw materials	48,074	41,487	6,358	2,380
Raw materials - Stock-in-transit	1,750	9,403	433	8,354
Total inventories at lower of cost and net realisable value	78,972	69,699	7,345	12,304

Included in the consolidated income statement are inventories recognised as an expense in cost of sales amounting to \$132,840,000 (2021: \$117,761,000).

Write down of inventories to net realisable value recognised as an expense during the year amounted to \$52,000 (2021: reversal of allowance of \$201,000).

14. Trade receivables

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Total trade receivables	50,810	37,960	33,811	28,417

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currency at 30 September are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
United States Dollar	32,422	27,790	32,422	26,934



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

14. Trade receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follow:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 October and 30 September	50	50	-	-

Receivables subject to offsetting arrangements

The Company's trade receivables and trade payables from/to subsidiaries that are subject to offsetting arrangements are as follows:

Description	Note	Gross carrying amounts \$'000	Gross amounts offset in the statement of financial position \$'000	Net amounts in the statement of financial position \$'000
30 September 2022				
Trade receivables from subsidiaries		218,220	(218,220)	-
Trade payables to subsidiaries	18	226,243	(218,220)	8,023
30 September 2021				
Trade receivables from subsidiaries		623,313	(623,313)	-
Trade payables to subsidiaries	18	630,910	(623,313)	7,597

15. Other receivables and deposits

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deposits	1,971	1,590	116	116
Other receivables	214	320	207	140
	2,185	1,910	323	256



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

16. Amounts due from subsidiaries (non-trade)

The amounts due from subsidiaries are non-trade related, non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

Receivables subject to offsetting arrangements

The Company's amounts due from/to subsidiaries that are subject to offsetting arrangements are as follows:

Description	Gross carrying amounts	Gross amounts offset in the statement of financial position	Net amounts in the statement of financial position
	\$'000	\$'000	\$'000
30 September 2022			
Amounts due from subsidiaries	91,691	(12,570)	79,121
Amounts due to subsidiaries	12,570	(12,570)	-
30 September 2021			
Amounts due from subsidiaries	90,069	(14,133)	75,936
Amounts due to subsidiaries	14,133	(14,133)	-

17. Derivatives

	Group and Company			
	2022		2021	
	Contract notional amount	Assets/(liabilities)	Contract notional amount	Assets
	\$'000	\$'000	\$'000	\$'000
Commodity swaps	3,241	(667)	17,297	1,688
Interest rate swap	-	402	-	28
Net financial assets at fair value through profit or loss	3,241	(265)	17,297	1,716

The commodity swap agreements are intended to hedge against the volatility of commodity purchases for periods of 5 months (2021: 1 to 6 months) based on existing sales agreements. These contracts are entered for future committed sales.

The interest rate swap agreement is intended to hedge against the volatility of interest rate until the maturity date as set out in Note 21A.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

18. Trade payables

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
External parties		7,741	9,617	2,516	4,482
Subsidiaries	14	–	–	8,023	7,597
		7,741	9,617	10,539	12,079

External parties

Trade payables are non-interest bearing and are normally settled on 60 days' term.

Trade payables denominated in major foreign currencies at 30 September are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
United States Dollar	2,404	4,247	1,967	3,558

Subsidiaries

Trade payables to subsidiaries are subject to offsetting arrangements as disclosed in Note 14.

19. Other payables and accruals

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Sundry creditors	300	391	–	–
Accrued operating expenses	19,351	20,465	4,546	11,021
Deferred grant income	–	131	–	–
Deposits from customers	468	154	100	100
	20,119	21,141	4,646	11,121
Less:				
Deferred grant income	–	(131)	–	–
Deposits from customers	(468)	(154)	(100)	(100)
Provision for onerous contract	(533)	(474)	–	–
Financial liabilities at amortised cost	19,118	20,382	4,546	11,021

Other payables and accruals are non-interest bearing and have an average term of 2 months.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

19. Other payables and accruals (cont'd)

Movements in provision for onerous contract are as follows:

	Group	
	2022	2021
	\$'000	\$'000
At 1 October	474	106
Provision made	59	368
At 30 September	<u>533</u>	<u>474</u>

20. Provision for warranty

A provision is recognised for expected warranty claims on installation and construction projects, based on past experience of the level of repairs and returns. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about claims and/or expected claims.

Based on actual historical warranty claims experience, management assessed that the Group's provision for warranties exceeded the amount necessary to cover outstanding warranty claims on products sold. Accordingly, \$411,000 (2021: \$179,000) of warranty provision was recorded during the current year.

Movements in provision for warranty are as follows:

	Group	
	2022	2021
	\$'000	\$'000
At 1 October	686	507
Provision made	411	310
Reversal	-	(131)
At 30 September	<u>1,097</u>	<u>686</u>



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

21. Loans and borrowings

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current:				
Term loan (Note A)	2,925	2,925	2,925	2,925
Trust receipts (Note B)	35,105	5,401	30,594	5,328
	38,030	8,326	33,519	8,253
Non-current:				
Term loan (Note A)	5,850	8,775	5,850	8,775
	5,850	8,775	5,850	8,775

Note A: The term loan is denominated in Singapore dollar ("SGD") and has a maturity period of 5 years. The loan is secured by a leased building (Note 10) and bears an effective interest rate of 1.85% (2021: 1.85%) per annum.

Note B: The trust receipts are denominated in United States dollar ("USD") and Singapore dollar ("SGD") and has a range of maturity period between 4 to 6 months (2021: 4 to 6 months). The trust receipts bear a range of effective interest rate of 3.02% - 6.65% per annum (2021: 2.40% - 2.41%).

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

	2021 \$'000	Cash flows \$'000	Non-cash changes		2022 \$'000
			Addition \$'000	Other \$'000	
Group					
Loans and borrowings	17,101	26,779	-	-	43,880
Lease liabilities	11,978	(943)	259	(138)	11,156
Total	29,079	25,836	259	(138)	55,036
	2020 \$'000	Cash flows \$'000	Non-cash changes		2021 \$'000
			Addition \$'000	Other \$'000	
Group					
Loans and borrowings	11,700	5,401	-	-	17,101
Lease liabilities	12,071	(1,178)	1,114	(29)	11,978
Total	23,771	4,223	1,114	(29)	29,079



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

22. Leases

As a lessee

The Group and the Company have lease contracts for accommodation, land use rights and other office equipment used in its operation. The Group and the Company are restricted from assigning and subleasing the leases assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group	Land use rights	Accommodation	Office equipment	Total
	\$'000	\$'000	\$'000	\$'000
At 1 October 2020	10,792	696	175	11,663
Additions	–	1,099	15	1,114
Depreciation expense	(544)	(866)	(47)	(1,457)
Derecognition	–	(27)	(2)	(29)
Exchange differences	–	(4)	–	(4)
At 30 September 2021	10,248	898	141	11,287
Additions	–	10	7	17
Depreciation expense	(546)	(523)	(48)	(1,117)
Derecognition	–	(163)	–	(163)
Exchange differences	–	(3)	–	(3)
At 30 September 2022	9,702	219	100	10,021

Company	Land use rights	Office equipment	Total
	\$'000	\$'000	\$'000
At 1 October 2020	10,792	58	10,850
Depreciation expense	(544)	(18)	(562)
At 30 September 2021	10,248	40	10,288
Depreciation expense	(546)	(18)	(564)
At 30 September 2022	9,702	22	9,724



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

22. Leases (cont'd)

As a lessee (cont'd)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 October	11,978	12,071	10,959	11,249
Additions	259	1,114	–	–
Accretion of interest	796	803	757	743
Payments	(1,739)	(1,981)	(1,089)	(1,033)
Derecognition	(135)	(29)	–	–
Exchange differences	(3)	–	–	–
At 30 September	11,156	11,978	10,627	10,959
Current	665	1,008	335	331
Non-current	10,491	10,970	10,292	10,628
	11,156	11,978	10,627	10,959

The maturity analysis of lease liabilities is disclosed in Note 32.

The following are the amounts recognised in profit or loss:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Depreciation expense of right-of-use assets	1,117	1,457	564	562
Interest expenses on lease liabilities	796	803	757	743
Expenses relating to short-term leases (included in rental and utilities)	1,431	972	–	117
Expenses relating to low-value assets (included in rental and utilities)	1,217	11	43	11
Total amount recognised in profit or loss	4,561	3,243	1,364	1,433

The Group had total cash outflows for leases of \$4,387,000 in 2022 (2021: \$2,964,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of \$259,000 in 2022 (2021: \$1,114,000). Out of the non-cash additions, \$242,000 is classified under property, plant and equipment.

The Company had total cash outflows for leases of \$1,132,000 in 2022 (2021: \$1,161,000).



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

23. Deferred tax

Deferred tax as at 30 September relates to the following:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deferred tax liabilities:				
Differences in depreciation for tax purpose	1,490	1,141	400	388
Deferred tax assets:				
Provisions	384	456	-	-

Movement of deferred tax is as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 October	685	93	388	192
Provided during the year	469	595	12	196
Exchange differences	(48)	(3)	-	-
At 30 September	1,106	685	400	388

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2021: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries as there are no tax effect on the undistributed earnings of the foreign subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences (2021: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

24. Share capital and treasury shares

Share capital

	Group and Company			
	2022		2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
At 1 October and 30 September	243,744	57,582	243,744	57,582

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

Treasury shares

	Group and Company			
	2022		2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid treasury shares:				
At 1 October and 30 September	(1,688)	(532)	(1,688)	(532)

25. Capital reserve

Capital reserve at the end of the reporting period represents discount on acquisition of a subsidiary in prior years amounting to \$104,000 (2021: \$104,000).

26. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

27. Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes of quoted securities until they are derecognised or impaired.

	Group and Company	
	2022 \$'000	2021 \$'000
At 1 October 2021 and 30 September 2022	(4)	(4)

28. Dividends

	Group and Company	
	2022 \$'000	2021 \$'000
Declared and paid during the financial year:		
Dividend on ordinary shares		
- Final exempt (one-tier) dividend for 2021: 1.5 cent per share (2020: 1.0 cent)	3,631	2,421
- Special (one-tier) dividend for 2021: 0.5 cent per share (2020: 0.5 cent)	1,210	1,210
Total dividends	4,841	3,631

Proposed but not recognised as liability as at 30 September

Dividend on ordinary shares, subject to shareholders' approval at AGM		
- Final and special (one-tier) dividend for 2022: 2.0 cents per share (2021: 2.0 cents)	4,841	4,841

A final dividend in respect of year ended 30 September 2022 of 1.5 cent (2021: 1.5 cent) per share and special dividend of 0.5 cent (2021: 0.5 cent) per share under tax exempt one-tier system amounting to \$4,841,000 (2021: \$4,841,000) was proposed by the Board subsequent to the financial year end. The dividend proposed is not accounted for until it has been approved by the shareholders at the Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the financial year ending 30 September 2023.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

29. Related party transactions

(a) Transactions with subsidiaries

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

	Company	
	2022 \$'000	2021 \$'000
Sales to subsidiaries	104,051	96,310
Purchases from subsidiaries	(131,138)	(120,979)
Rental and utilities recharge to a subsidiary	396	162
Staff related costs recharged by a subsidiary	(20)	(50)

(b) Compensation of key management personnel

	Group	
	2022 \$'000	2021 \$'000
Salaries, bonus and other related expenses	3,910	4,517
Contributions to defined contribution plans	125	117
Total compensation paid to key management personnel	4,035	4,634
Comprise amounts paid to:		
- Directors of the Company	778	794
- Advisors of the Company*	1,772	2,229
- Other key management personnel	1,485	1,611
	4,035	4,634

* The advisors are substantial shareholders who are considered key management personnel of the Company.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

30. Commitments and contingencies

Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2022 \$'000	2021 \$'000
Capital commitments in respect of acquisition and construction of property, plant and equipment	6,313	2,513

31. Cash and fixed deposits

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Fixed deposits	183	189	–	–
Cash at bank and on hand	30,606	25,052	23,923	18,438
	30,789	25,241	23,923	18,438
Less: fixed deposit pledged	(183)	(189)	–	–
Total cash and cash equivalents	30,606	25,052	23,923	18,438

Cash and fixed deposits denominated in major foreign currency at 30 September are as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
United States Dollar	13,718	10,553	13,711	10,547

Fixed deposits are made for 12 months (2021: 12 months) depending on the immediate cash requirements of the Group and earn interest at the respective fixed deposit rates. The weighted average effective interest rate as at 30 September for the Group is 2.10% (2021: 1.85%) per annum. Fixed deposits can be readily convertible into known amount of cash and subject to insignificant risk of change in value.

Included in deposits of the Group are \$183,000 (2021: \$189,000) pledged to a licensed bank for bank guarantee facilities.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

32. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, foreign currency risk, credit risk and market price risk. The board approves, authorises and agrees policies for managing each of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group's and Company's principal financial instruments, other than derivative financial instruments, comprise loans and borrowings, cash and cash equivalents and various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group and Company also enters into derivative transactions such as commodity swap. The purpose is to manage the purchase price volatility arising from its operations. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken and management has adhered to this policy in the previous and current financial year.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company may encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group actively manages its debt maturity profile, operating cash flows and availability of committed credit facilities to ensure that all refinancing, repayment and funding needs are met. The Group strives to maintain a sufficient level of banking facilities to meet its funding requirements and utilise trust receipts, loans and hire purchase contracts for this purpose.

The table below summarises the maturity profile of the Group's and Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

(a) Liquidity risk (cont'd)

30 September 2022	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
Group				
Financial assets:				
Trade receivables	50,810	–	–	50,810
Other receivables and deposits	2,185	–	–	2,185
Cash and fixed deposits	30,789	–	–	30,789
Derivatives	402	–	–	402
Quoted securities	–	2	–	2
	84,186	2	–	84,188
Less: Goods and services tax receivables	(1,330)	–	–	(1,330)
Total undiscounted financial assets	82,856	2	–	82,858
Financial liabilities:				
Trade payables	7,741	–	–	7,741
Other payables and accruals	19,118	–	–	19,118
Loans and borrowings	38,565	5,964	–	44,529
Derivatives	667	–	–	667
Lease liabilities	1,369	3,682	14,665	19,716
Total undiscounted financial liabilities	67,460	9,646	14,665	91,771
Total net undiscounted financial assets/(liabilities)	15,396	(9,644)	(14,665)	(8,913)
30 September 2021				
	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
Group				
Financial assets:				
Trade receivables	37,960	–	–	37,960
Other receivables and deposits	1,910	–	–	1,910
Cash and fixed deposits	25,241	–	–	25,241
Derivatives	1,716	–	–	1,716
Quoted securities	1,250	2	–	1,252
	68,077	2	–	68,079
Less: Goods and services tax receivables	(1,345)	–	–	(1,345)
Total undiscounted financial assets	66,732	2	–	66,734
Financial liabilities:				
Trade payables	9,617	–	–	9,617
Other payables and accruals	20,382	–	–	20,382
Loans and borrowings	8,535	9,039	–	17,574
Lease liabilities	1,781	4,132	15,407	21,320
Total undiscounted financial liabilities	40,315	13,171	15,407	68,893
Total net undiscounted financial assets/(liabilities)	26,417	(13,169)	(15,407)	(2,159)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

(a) Liquidity risk (cont'd)

30 September 2022	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
Company				
Financial assets:				
Trade receivables	33,811	-	-	33,811
Other receivables and deposits	323	-	-	323
Amounts due from subsidiaries (non-trade)	79,121	-	-	79,121
Cash and fixed deposits	23,923	-	-	23,923
Derivatives	402	-	-	402
Quoted securities	-	2	-	2
	137,580	2	-	137,582
Less: Goods and services tax receivables	(981)	-	-	(981)
Total undiscounted financial assets	136,599	2	-	136,601
Financial liabilities:				
Trade payables	10,539	-	-	10,539
Other payables and accruals	4,546	-	-	4,546
Loans and borrowings	34,034	5,964	-	39,998
Derivatives	667	-	-	667
Lease liabilities	1,022	3,473	14,665	19,160
Total undiscounted financial liabilities	50,808	9,437	14,665	74,910
Total net undiscounted financial assets/(liabilities)	85,791	(9,435)	(14,665)	61,691



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

(a) Liquidity risk (cont'd)

30 September 2021	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
Company				
Financial assets:				
Trade receivables	28,417	–	–	28,417
Other receivables and deposits	256	–	–	256
Amounts due from subsidiaries (non-trade)	75,936	–	–	75,936
Cash and fixed deposits	18,438	–	–	18,438
Derivatives	1,716	–	–	1,716
Quoted securities	1,250	2	–	1,252
	126,013	2	–	126,015
Less: Goods and services tax receivables	(1,164)	–	–	(1,164)
Total undiscounted financial assets	124,849	2	–	124,851
Financial liabilities:				
Trade payables	12,079	–	–	12,079
Other payables and accruals	11,021	–	–	11,021
Loans and borrowings	8,462	9,039	–	17,501
Lease liabilities	1,061	3,781	15,407	20,249
Total undiscounted financial liabilities	32,623	12,820	15,407	60,850
Total net undiscounted financial assets/(liabilities)	92,226	(12,818)	(15,407)	64,001

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and Malaysian Ringgit ("MYR"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"). Approximately 64% (2021: 73%) of the Group's sales are denominated in currencies other than functional currencies of the Group entities whilst almost 51% (2021: 62%) of costs are denominated in foreign currencies.

Certain sales transactions of the Company are billed in USD. However, the pricing decisions for these sales transactions are made in the functional currency of the Company.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

(b) Foreign currency risk (cont'd)

As disclosed in Note 2.5, exchange differences on the Group's net investments in the foreign subsidiaries are dealt with through the foreign currency translation reserve.

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in USD against SGD, with all other variables held constant.

	Group	
	2022 \$'000	2021 \$'000
Increase/(decrease) in profit net of tax when USD/SGD		
- strengthen 3% (2021: 3%)	432	849
- weaken 3% (2021: 3%)	(432)	(849)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade receivables. The Group and Company trades only with creditworthy third parties. Management monitors receivable balances on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets, which comprise cash and cash equivalents, other receivables and deposits, quoted securities and amounts due from subsidiaries, the Group and Company minimise credit risk by dealing exclusively with counterparties with high credit ratings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of borrowers in the Company and changes in the operating results of the debtor



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

(c) Credit risk (cont'd)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring trade receivables by product-type on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2022		2021	
	\$'000	% of total	\$'000	% of total
By product types:				
Aluminium	40,352	79.4	34,800	91.7
Mild Steel	6,606	13.0	2,364	6.2
Stainless Steel	2	0.0	2	0.0
UPVC	3,850	7.6	794	2.1
	50,810	100.0	37,960	100.0

At the end of the reporting period, there is no significant concentration of credit risk apart for the amounts due from a long-term major customer in the shipping industry amounting to approximately 66.5% (2021: 74.9%) of total trade receivables. However, the good credit history of this customer reduces the credit risk to the Group to an acceptable level. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The expected credit losses also incorporate forward looking information such as forecast of economic conditions for the industry.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

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

(d) **Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to market price risk arising from its purchase of key raw materials, namely mild steel, stainless steel and aluminium. Any significant increase in the prices of key raw materials will adversely affect the Group's operating results.

The Group manages the risk in fluctuation by buying the raw materials pegged to contracts requirements only, sourcing for alternative sources of supply and undertaking derivative contracts in material prices the effects of which are covered by customer agreement.

The Group uses commodity swap contracts to hedge against the volatility of commodity purchases. At the end of the reporting period, the fair value of derivatives balances are disclosed in Note 17.

33. Fair value of financial instruments

(a) **Fair value hierarchy**

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – Significant unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

33. Fair value of financial instrument (cont'd)

(b) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

2022	Note	Group and Company		Total \$'000
		Quoted prices in active markets for identical instruments Level 1 \$'000	Significant other observable inputs Level 2 \$'000	
		<u>Recurring fair value measurements</u>		
Financial assets:				
Quoted securities	11	2	-	2
Derivatives				
- Interest rate swap	17	-	402	402
Financial liabilities:				
Derivatives				
- Commodity swap	17	-	(667)	(667)

2021	Note	Group and Company		Total \$'000
		Quoted prices in active markets for identical instruments Level 1 \$'000	Significant other observable inputs Level 2 \$'000	
		<u>Recurring fair value measurements</u>		
Financial assets:				
Quoted securities	11	1,254	-	1,254
Derivatives				
- Commodity swaps	17	-	1,688	1,688
- Interest rate swap	17	-	28	28



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

33. Fair value of financial instrument (cont'd)

(c) **Determination of fair value**

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities:

Level 1 fair value measurement

Quoted instruments (Note 11): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

Level 2 fair value measurement

Derivatives (Note 17): Commodity swap agreements are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including commodity spot and forward rates.

Significant changes in fair value measurements from year to year are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The management has determined that the carrying amounts of cash and cash equivalents, trade receivables, other receivables and deposits, trade payables, other payables and accruals, loans and borrowings, lease liabilities and amounts due from subsidiaries, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently within a year.

The fair values of the obligations under hire purchase contracts are not materially different from their carrying values as at 30 September 2022.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

33. Fair value of financial instrument (cont'd)

(e) Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the financial instruments that are carried in the financial statements:

	Amortised cost \$'000	Fair value through other comprehensive income \$'000	Fair value through profit or loss \$'000	Total \$'000
Group				
Assets				
30 September 2022				
Quoted securities	–	2	–	2
Trade receivables	50,810	–	–	50,810
Other receivables and deposits	2,185	–	–	2,185
Cash and fixed deposits	30,789	–	–	30,789
Derivatives	–	–	402	402
Less: Goods and services tax receivables	(1,330)	–	–	(1,330)
	82,454	2	402	82,858
30 September 2021				
Quoted securities	–	2	1,252	1,254
Trade receivables	37,960	–	–	37,960
Other receivables and deposits	1,910	–	–	1,910
Cash and fixed deposits	25,241	–	–	25,241
Derivatives	–	–	1,716	1,716
Less: Goods and services tax receivables	(1,345)	–	–	(1,345)
	63,766	2	2,968	66,736



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

33. Fair value of financial instrument (cont'd)

(e) Classification of financial instruments (cont'd)

Group	Amortised cost	Fair value through profit or loss	Total
Liabilities	\$'000	\$'000	\$'000
30 September 2022			
Trade payables	7,741	-	7,741
Other payables and accruals	19,118	-	19,118
Loans and borrowings	43,880	-	43,880
Derivatives	-	667	667
Lease liabilities	11,156	-	11,156
	81,895	667	82,562
30 September 2021			
Trade payables	9,617	-	9,617
Other payables and accruals	20,382	-	20,382
Loans and borrowings	17,101	-	17,101
Lease liabilities	11,978	-	11,978
	59,078	-	59,078



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

33. Fair value of financial instrument (cont'd)

(e) Classification of financial instruments (cont'd)

	Amortised cost \$'000	Fair value through other comprehensive income \$'000	Fair value through profit or loss \$'000	Total \$'000
Company				
Assets				
30 September 2022				
Quoted securities	–	2	–	2
Trade receivables	33,811	–	–	33,811
Other receivables and deposits	323	–	–	323
Amounts due from subsidiaries (non-trade)	79,121	–	–	79,121
Cash and fixed deposits	23,923	–	–	23,923
Derivatives	–	–	402	402
Less: Goods and services tax receivables	(981)	–	–	(981)
	136,197	2	402	136,601
30 September 2021				
Quoted securities	–	2	1,252	1,254
Trade receivables	28,417	–	–	28,417
Other receivables and deposits	256	–	–	256
Amounts due from subsidiaries (non-trade)	75,936	–	–	75,936
Cash and fixed deposits	18,438	–	–	18,438
Derivatives	–	–	1,716	1,716
Less: Goods and services tax receivables	(1,164)	–	–	(1,164)
	121,883	2	2,968	124,853



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

33. Fair value of financial instrument (cont'd)

(e) Classification of financial instruments (cont'd)

	Amortised cost \$'000	Fair value through profit or loss \$'000	Total \$'000
Company			
Liabilities			
30 September 2022			
Trade payables	10,539	–	10,539
Other payables and accruals	4,546	–	4,546
Loans and borrowings	39,369	–	39,369
Derivatives	–	667	667
Lease liabilities	10,627	–	10,627
	65,081	667	65,748
30 September 2021			
Trade payables	12,079	–	12,079
Other payables and accruals	11,021	–	11,021
Loans and borrowings	17,028	–	17,028
Lease liabilities	10,959	–	10,959
	51,087	–	51,087

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may increase borrowings or adjust the dividend payment to shareholders as and when appropriate. No changes were made in the objectives, policies or processes during the years ended 30 September 2022 and 30 September 2021.

The Group will continue to be guided by prudent financial policies. The gross debt to equity ratio is presented below:

	Note	Group 2022 \$'000	Group 2021 \$'000
Loans and borrowings	21	43,880	17,101
Lease liabilities		375	248
Total gross debt		44,255	17,349
Equity attributable to owners of the Company		161,199	158,150
Gross debt to equity ratio		27.5%	11.0%



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

35. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(a) **The aluminium segment**

Aluminium products on building construction and other industrial uses, such as curtain walls, cladding windows and marine container refrigeration units.

(b) **The mild steel segment**

Mild steel products on door frame and entrance gate for building construction projects.

(c) **The stainless steel segment**

Stainless steel products, such as drying rack and hoppers use for building construction projects.

(d) **Unplasticised polyvinyl chloride (“UPVC”)**

UPVC products include door, skirting and flooring for building construction projects.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

Transfer pricing between operating segments are on an arm's length basis in a manner similar to transactions with third parties.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

35. Segment information (cont'd)

Business segments

	Aluminium		Mild steel		Stainless steel		UPVC		Adjustments		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue:												
Sales to external customers	192,204	171,858	22,483	22,871	690	555	13,776	3,403	-	-	229,153	198,687
Results:												
Depreciation	(5,515)	(5,429)	(351)	(660)	(95)	(124)	(250)	(138)	-	-	(6,211)	(6,351)
Provision for replacement cost	-	(495)	-	-	-	-	-	-	-	-	-	(495)
Segment results	17,036	21,384	(3,136)	(1,722)	(146)	375	207	(690) (A)	(418)	903	13,543	20,250
Statement of financial position:												
Additions to non-current assets	4,469	5,676	412	1,127	36	211	264	198	-	-	5,181	7,212
Segment assets	188,626	176,148	32,837	25,380	5,684	6,897	20,624	13,449 (B)	384	456	248,155	222,330
Segment liabilities	15,858	25,962	6,562	2,704	228	286	6,976	2,492 (C)	57,332	32,736	86,956	64,180



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

35. Segment information (cont'd)

Reconciliation to arrive at amounts reported in the consolidated financial statements.

Note A

The following items are added to/(deducted from) segment results to arrive at "Profit before tax" presented in the consolidated income statement:

	Group	
	2022	2021
	\$'000	\$'000
Interest income	38	61
Finance costs	(1,803)	(1,029)
Unallocated income	1,347	1,871
	(418)	903

Note B

The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2022	2021
	\$'000	\$'000
Deferred tax assets	384	456

Note C

The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2022	2021
	\$'000	\$'000
Deferred tax liabilities	1,490	1,141
Income tax payables	806	2,516
Loans and borrowings	43,880	17,101
Lease liabilities	11,156	11,978
	57,332	32,736



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2022

35. Segment information (cont'd)

Geographical information

Revenue and non-current assets based on the geographical location of customers and assets respectively are as follows:

	Revenue from external customers		Non-current assets	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Singapore	223,683	194,590	38,418	38,866
Malaysia	5,470	4,097	33,653	36,191
	229,153	198,687	72,071	75,057

Non-current assets presented above consist of property, plant and equipment and right-of-use assets, as presented in the consolidated statement of financial position.

Information about major customers

In the current financial year, revenue from two major customers amounted to \$149 million (2021: \$146 million) arising from sales by the aluminium segment and \$3 million (2021: \$3 million) arising from sales by the mild steel segment.

36. Impact of COVID-19

The COVID-19 outbreak and measures taken to contain the spread of the pandemic have created high level of uncertainty to global business conditions and the situation has continued to evolve since 2020. Set out below is the impact of COVID-19 on the Group's assessment and financial performance reflected in the set of financial statements for the year ended 30 September 2022.

- The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- The Group has considered the market conditions (including the impact of COVID-19) as at 30 September 2022, in making estimates on the recoverability of assets and concluded that no significant impairment is required.

As the COVID-19 situation continues to improve and local and global business activities and operations return to normalcy progressively, the Group believes that there will not be a significant impact of COVID-19 on its operating and financial performance for the financial year ending 30 September 2023.

37. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2022 were authorised for issue in accordance with a resolution of the directors on 16 December 2022.



STATISTICS OF SHAREHOLDINGS

As at 8 December 2022

Issued and fully paid-up capital	:	\$57,069,657.188
Number of shares (excluding treasury shares and subsidiary holdings)	:	242,056,382
Number of treasury shares held and percentage	:	1,687,700 (0.70%)
Number of subsidiary holdings held	:	Nil
Class of shares	:	Ordinary share fully paid with equal voting rights
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	28	1.11	1,237	0.00
100 - 1,000	694	27.55	493,639	0.20
1,001 - 10,000	974	38.67	3,520,893	1.46
10,001 - 1,000,000	806	32.00	52,154,604	21.55
1,000,001 AND ABOVE	17	0.67	185,886,009	76.79
TOTAL	2,519	100.00	242,056,382	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Yong Koon Chin	47,081,502	19.45	–	–
Yong Kin Sen	48,204,412	19.91	9,582 ⁽¹⁾	n.m. ⁽²⁾
Yong Poon Miew	47,373,181	19.57	–	–
Yeo Seng Chong	2,925,000	1.21	13,461,000 ⁽³⁾	5.56
Yeoman Capital Management Pte Ltd ("YCMPL")	286,000	0.12	13,175,000 ⁽⁴⁾	5.44
Yeoman 3-Rights Value Asia Fund	13,000,000	5.37	–	–

Notes:

- (1) Mr Yong Kin Sen is deemed interested in the shares held by his spouse.
- (2) n.m. = not meaningful
- (3) Mr Yeo Seng Chong is deemed interested in the shares held through DB Nominees (Singapore) Pte Ltd.
- (4) YCMPL acquired the shares on behalf of YCMPL's clients (including Yeoman 3-Rights Value Asia Fund and Yeoman Client 1) in its role as investment manager. YCMPL has voting control over the shares except those in Mr Yeo Seng Chong's personal dealing account.



STATISTICS OF SHAREHOLDINGS

As at 8 December 2022

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	YONG KIN SEN	48,204,412	19.91
2	YONG POON MIEW	47,373,181	19.57
3	YONG KOON CHIN	47,081,502	19.45
4	DB NOMINEES (SINGAPORE) PTE LTD	13,175,000	5.44
5	DBS NOMINEES (PRIVATE) LIMITED	6,927,044	2.86
6	KWA CHING TZE	4,000,050	1.65
7	YEO SENG CHONG	2,925,000	1.21
8	CITIBANK NOMINEES SINGAPORE PTE LTD	2,580,400	1.07
9	ABN AMRO CLEARING BANK N.V.	2,168,900	0.90
10	ANG JUI KHOON	1,893,500	0.78
11	WANG JUNG HSIN	1,800,000	0.74
12	PHILLIP SECURITIES PTE LTD	1,559,175	0.64
13	TAY HUAY HONG	1,358,200	0.56
14	RAFFLES NOMINEES (PTE.) LIMITED	1,335,550	0.55
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,268,371	0.52
16	GOH TEOW HEE	1,235,000	0.51
17	NG KWONG CHONG OR LIU OI FUI IVY	1,000,724	0.41
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	967,200	0.40
19	HSBC (SINGAPORE) NOMINEES PTE LTD	966,250	0.40
20	KUAN BON HENG	932,000	0.39
TOTAL		188,751,459	77.96

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

34.05% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Nam Lee Pressed Metal Industries Limited (the “Company”) will be convened and held by electronic means on Monday, 16 January 2023 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 30 September 2022 together with the Auditors’ Report.

(Resolution 1)

2. To declare a one-tier tax-exempt final dividend of 1.5 Singapore cent per share for the financial year ended 30 September 2022 (FY2021: One-tier tax-exempt final dividend of 1.5 Singapore cent per share).

(Resolution 2)

[See Explanatory Note (i)]

3. To declare a one-tier tax-exempt special dividend of 0.5 Singapore cent per share for the financial year ended 30 September 2022 (FY2021: One-tier tax-exempt special dividend of 0.5 Singapore cent per share).

(Resolution 3)

[See Explanatory Note (i)]

4. To note the retirement of Mrs Wong - Yeo Siew Eng who is retiring as Director of the Company pursuant to Article 94 of the Constitution of the Company.

[See Explanatory Note (ii)]

5. To re-elect the following Director of the Company retiring pursuant to Article 94 of the Constitution of the Company:

Mr Yong Han Lim, Adrian

(Resolution 4)

[See Explanatory Note (iii)]

Mr Yong Han Lim, Adrian will, upon re-election as Director of the Company, remain as Executive Director of the Company and a member of the Nominating Committee and will be considered non-independent.

6. To approve the payment of Directors’ fees amounting up to S\$150,000 for the financial year ending 30 September 2023, payable quarterly in arrears (FY2022: S\$150,000).

(Resolution 5)

7. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 6)

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



NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to issue shares under the General Mandate

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “Companies Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

- (a) (i) 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 Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) 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 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) 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 the exercise of share options or vesting of share awards; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with sub-paragraph (2)(a) or (2)(b) 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.



NOTICE OF ANNUAL GENERAL MEETING

- (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 of the Company; 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.

(Resolution 7)

[See Explanatory Note (iv)]

10. **Renewal of Share Buyback Mandate**

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “Shares”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) an on-market share acquisition (“On-Market Purchase”) transacted on the SGX-ST trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or
 - (ii) an off-market share acquisition (“Off-Market Purchase”) pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise be in accordance with all other laws, the Listing Manual and other regulations and rules of the SGX-ST,
 (the “Mandate”);
- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Mandate may be exercised by the Directors of the Company at any time and from time to time, on and from the date of passing of this Resolution up to during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
 - (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or
 - (ii) the date on which the authority conferred by the Mandate is revoked or varied by the Company in a general meeting; or
 - (iii) the date on which the share buyback is fulfilled up to the full extent of the Mandate; and
- (c) the Directors of the Company and/or any of them be and is hereby authorised to do such acts and things (including, without limitation, enter into all transactions, arrangements and agreements and executing such documents) as they and/or he may consider necessary or expedient to give effect to this Resolution.



NOTICE OF ANNUAL GENERAL MEETING

In this Resolution:

“Maximum Limit” means that number of Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution (excluding any treasury shares and subsidiary holdings at that date);

“Maximum Price” in relation to a Share to be purchased or acquired, means the price paid per Share which does not exceed 5% above the average of the closing market prices of the Shares over the last 5 market days, on which transactions in the Shares were recorded, before the day on which the purchases are made and deemed to be adjusted for any corporate action which occurs during the relevant 5-day period and the day on which the purchases are made; and

The Maximum Price shall apply to both On-Market Purchases and Off-Market Purchases and shall exclude brokerage fees, commission, stamp duties payable, applicable goods and services tax, clearance fees and other related expenses. **(Resolution 8)**

[See Explanatory Note (v)]

By Order of the Board

Yong Han Keong, Eric
Managing Director
Singapore, 23 December 2022

Explanatory Notes:

- (i) For the financial year ended 30 September 2021, the Company paid a one-tier tax-exempt final dividend of 1.5 Singapore cent per share and a one-tier tax-exempt special dividend of 0.5 Singapore cent per share. For the financial year ended 30 September 2022, the Company will be paying a one-tier tax-exempt final dividend of 1.5 Singapore cent per share and a one-tier tax-exempt special dividend of 0.5 Singapore cent per share, if approved by the members at this Annual General Meeting.
- (ii) Mrs Wong - Yeo Siew Eng who is retiring as Director of the Company pursuant to Article 94 of the Constitution of the Company, had indicated that she would not seek for re-election as Director of the Company at this Annual General Meeting. Mrs Wong - Yeo Siew Eng will, upon retirement, cease to be the Independent Non-Executive Director, the Chairman of the Audit Committee, and a member of the Remuneration Committee and Nominating Committee. An announcement of Mrs Wong - Yeo Siew Eng's retirement will be made on 23 December 2022 via SGXNET.
- (iii) The Ordinary Resolution 4 is for the re-election of Mr Yong Han Lim, Adrian as Director of the Company who retires by rotation at the Annual General Meeting. For more information on the Director, please refer to page 10 in this Annual Report.
- (iv) The Ordinary Resolution 7, 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 varied or revoked by the Company in a general meeting, whichever is the earlier, to 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, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (v) The Ordinary Resolution 8, if passed, will empower the Directors of the Company effective until the earliest of: (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; (ii) the date on which the authority conferred by the Mandate is revoked or varied by the Company in a general meeting; and (iii) the date on which the share buyback is fulfilled up to the full extent of the Mandate, to repurchase ordinary shares of the Company by way of on-market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital



NOTICE OF ANNUAL GENERAL MEETING

of the Company at the Maximum Price as defined in the Resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Mandate on the audited consolidated financial statements of the Group for the financial year ended 30 September 2022 are set out in greater detail in the Letter to Shareholders dated 23 December 2022 (the "Letter") attached.

Notes:

- (1) Shareholders may access a copy of the Annual Report 2022 and the Letter at the Company's website at the URL <http://www.namlee.com.sg/>, or the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (2) The Annual General Meeting ("AGM") 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. This Notice will be published on the Company's website at the URL <http://www.namlee.com.sg/>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (3) Alternative arrangements relating to attendance at the AGM via electronic means, submission of questions in advance of the AGM, addressing of substantial and relevant questions, submission of text-based questions during the AGM and participation in the live voting during the AGM are set out in the Company's announcement dated 23 December 2022 (the "Announcement"), which has been uploaded together with this Notice of AGM on SGXNet on the same day. The Announcement may also be assessed on the Company's website at the URL <http://www.namlee.com.sg/> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (4) A member will not be able to attend the AGM in person. A member of the Company (whether individual or corporate and including a Relevant Intermediary, whichever is applicable) is able to participate at the AGM by electronic means or appoint proxy(ies) as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM conducted by electronic means, if such member wishes to exercise his/her/its voting rights at the AGM.
- (5) Members (whether individual or corporate) may also vote at the AGM in real time via electronic means or by appointing proxy(ies) or the Chairman of the AGM as proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.
- (6) Where a member appoints two proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- (7) A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

CPF/SRS Investors who wish to exercise their voting rights at the AGM should not submit proxy forms in the manner specified above. Instead, such investors should approach their respective CPF/SRS Operators to submit their votes by 9.30 a.m. on 4 January 2023 being at least 7 working days before the date of the AGM.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

- (8) The instrument appointing the Chairman of the AGM as proxy or appoint proxy(ies) must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's registered office at 4 Gul Way, Singapore 629192; or
 - (b) if submitted electronically, be submitted via email to nproxyform@namlee.com.sg,

in either case, at least 72 hours before the time for holding the AGM.

The proxy form will be published on the Company's website at the URL <http://www.namlee.com.sg/>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

A member who wishes to submit a proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.



NOTICE OF ANNUAL GENERAL MEETING

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

- (9) The Chairman of the AGM, as proxy, need not be a member of the Company.
- (10) A member may withdraw an instrument appointing the Chairman of the AGM by sending an email to nlproxyform@namlee.com.sg notify the Company of the withdrawal, at least 72 hours before the time for holding the AGM.

Important Reminder

As the COVID-19 pandemic continues to evolve, further measures and/or changes to the AGM arrangements may be made on short notice in the ensuing days, even up to the day of the AGM. Shareholders are advised to closely monitor announcements made on SGXNet website at the <https://www.sgx.com/securities/company-announcements> and/or the Company's website at the <http://www.namlee.com.sg/> for updates on the AGM. The Company also seeks the understanding and cooperation of all Shareholders to minimise the risk of community spread of COVID-19.

Personal data privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the proxy(ies) and/or representative(s) to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

In the case of a member who is a relevant intermediary, by submitting a consolidated list of participants for the "live" broadcast of the AGM, the member warrants that it has obtained the prior consent of such participant(s) for the collection, use and disclosure by the Company (or their agents or service providers) of the personal data of such participant(s) for the purpose of the processing and administration by the Company (or their agents or service providers) of the "live" broadcast of the AGM (including any adjournment thereof), the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

NAM LEE PRESSED METAL INDUSTRIES LIMITED

(Company Registration No. 197500362M)
(Incorporated In The Republic of Singapore)

PROXY FORM

This proxy form has been made available on the Company's website at the URL <http://www.namlee.com.sg/> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

IMPORTANT:

- The AGM (as defined below) is being convened, 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. This Proxy Form will not be sent to shareholders. Instead, this Proxy Form will be sent to shareholders by electronic means via publication on the Company's website at the URL <http://www.namlee.com.sg/>. This Proxy Form will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements relating to attendance at the AGM via electronic means, submission of questions in advance of the AGM, addressing of substantial and relevant questions, submission of text-based questions during the AGM and participation in the live voting during the AGM are set out in the Company's announcement dated 23 December 2022 (the "Announcement"), which has been uploaded together with this Notice of AGM on SGXNet on the same day. The Announcement may also be assessed on the Company's website at the URL <http://www.namlee.com.sg/> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- A member will not be able to attend the AGM in person. A member of the Company (whether individual or corporate and including a Relevant Intermediary, whichever is applicable) is able to participate at the AGM by electronic means or appoint proxy(ies) as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM conducted by electronic means, if such member wishes to exercise his/her/its voting rights at the AGM.
- This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- Prior to the AGM, shareholders are encouraged to email their questions via the means set out under paragraph 5(b) of the Announcement.
- PLEASE READ THE NOTES TO THE PROXY FORM WHICH CONTAIN INSTRUCTIONS ON, INTER ALIA, THE APPOINTMENT OF PROXIES OR THE CHAIRMAN OF THE AGM AS PROXY TO ATTEND, SPEAK AND VOTE ON HIS/HER BEHALF AT THE AGM.**

I/We (Name) _____

of (Address) _____

being a shareholder / shareholders of Nam Lee Pressed Metal Industries Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both persons referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "AGM") of the Company to be held by electronic means on Monday, 16 January 2023 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

All resolutions put to the vote at the Meeting shall be conducted by poll.

No.	Resolutions relating to:	Number of votes for ⁽¹⁾	Number of votes against ⁽¹⁾	Number of votes abstaining ⁽¹⁾
1	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 September 2022 together with the Auditors' Report			
2	Payment of proposed one-tier tax-exempt final dividend of 1.5 Singapore cent per share for the financial year ended 30 September 2022			
3	Payment of proposed one-tier tax-exempt special dividend of 0.5 Singapore cent per share for the financial year ended 30 September 2022			
4	Re-election of Mr Yong Han Lim, Adrian as a Director of the Company			
5	Approval of the payment of Directors' fees amounting up to S\$150,000 for the financial year ending 30 September 2023, payable quarterly in arrears			
6	Re-appointment of Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
7	Authority to issue shares under the General Mandate			
8	Renewal of Share Buyback Mandate			

⁽¹⁾ If you wish the Chairman of the AGM to cast all your votes "For" or "Against" a Resolution, or to "Abstain" from a Resolution, please tick in the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as my/our proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2022

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Due to the current COVID-19 restriction orders in Singapore, a shareholder will not be able to attend the AGM in person. **A shareholder (whether individual or corporate and including a Relevant Intermediary, whichever is applicable) is able to participate at the AGM by electronic means or appoint proxy(ies) as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM conducted by electronic means, if such member wishes to exercise his/her/its voting rights at the AGM.** This Proxy Form will be made available on the Company's website at the URL <http://www.namlee.com.sg/> and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS operators to submit their votes by 9.30 a.m. on 4 January 2023, being 7 working days before the date of the AGM.
3. The Chairman of the AGM, as proxy, need not be a shareholder of the Company.
4. A shareholder should insert the total number of shares held in the Proxy Form. If the shareholder has shares entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of shares. If the shareholder has shares registered in his/her name in the Register of Shareholder of the Company, he/she should insert that number of shares. If the shareholder has shares entered against his/her name in the said Depository Register and registered in his/her name in the Register of Shareholder, he/she should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the shareholder.
5. A member who is a relevant intermediary entitled to attend the meeting and vote (whether to vote in favour of or against, or to abstain from voting) is entitled to appoint the Chairman of the AGM as proxy to attend and vote (whether to vote in favour of or against, or to abstain from voting) instead of the shareholder, but the Chairman of the AGM must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
6. The Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged at the registered office of the Company at 4 Gul Way, Singapore 629192; or
 - (b) if submitted electronically, be received by the Company at niproxyform@namlee.com.sg,

in either case, not later than **9.30 a.m. on 13 January 2023**, being not less than 72 hours before the time appointed for holding the AGM.

A shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. In view of the COVID-19 restrictions orders in Singapore which may make it difficult for shareholders to submit completed Proxy Forms by post, shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

7. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing or if the appointer is a corporation, it must be executed either under its common seal or under the hand of an officer or attorney so authorised.
8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly appointed officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must (failing previous registration) be deposited with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. A corporation which is a shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
10. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the shareholder, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.
11. All shareholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

PERSONAL DATA PRIVACY: By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 23 December 2022.



We offer no
compromises
on **quality**



NAM LEE PRESSED METAL INDUSTRIES LIMITED

(Company Registration No. 197500362M)

4 Gul Way Singapore 629192

Telephone: (65) 6257 5388

Facsimile: (65) 6758 8134

Email: enquiry@namlee.com.sg