

NAM LEE PRESSED METAL INDUSTRIES LIMITED

Company Registration No. 197500362M

(Incorporated in Singapore)

RESPONSE TO QUERY FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

Nam Lee Pressed Metal Industries Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce the following responses to queries raised by the SGX-ST on 20 January 2021 in relation to the Company's Annual Report for the financial year ended 30 September 2020 (the "**Annual Report**"):

Question 1

Provision 8.1 of the Code states that "The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel."

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had only disclosed remuneration of its top 4 key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Company's response

The Company has only 4 key management personnel as disclosed on page 36 of the Annual Report. Additional information on the compensation paid to the key management personnel is provided in Note 32(b) to the Financial Statements of the Annual Report.

As disclosed on page 27 of the Annual Report, the Company has provided substantial disclosures on the remuneration paid to the key management personnel.

As per the disclosure on page 26 of the Annual Report:

"The Company's success depends to a significant extent upon the Directors and Management. The loss of service of one or more of these key employees, most of whom are not bound by formal long-term service agreements, 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 the link between performance and remuneration paid to the Executive Directors 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 Executive Directors and key management personnel.”

In view of the aforementioned reasons, the Company believes that its current disclosure is consistent with the intent of Principle of the Code of Corporate Governance 2018 (the “**Code**”) as shareholders are still given information on the level and mix of remuneration in percentage terms and that the interest of shareholders will not be prejudiced as a result of such non-disclosure of the total remuneration for the key management personnel.

Question 2

Provision 8.2 of the Code states that “The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report.”

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 8.2 of the Code with regard to the disclosure of names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a substantial shareholder of the company, and whose remuneration exceeded S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Company’s response

The remuneration of the substantial shareholders and Advisors of the Group, namely Mr Yong Koon Chin, Mr Yong Kin Sen and Mr Yong Poon Miew, and the Executive Directors, namely Ms Yong Li Yuen, Joanna, Mr Yong Han Keong, Eric and Mr Yong Han Lim, Adrian, are disclosed in the table on page 27 of the Annual Report.

The relationships between each of the substantial shareholders and Advisors of the Group and the Executive Directors are also disclosed in the footnotes to the said table.

Nonetheless, to comply with the letter of Provision 8.2 of the Code, the Company wishes to disclose the remuneration paid to the employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000, in bands no wider than S\$100,000 as follows:

Remuneration Bands	Relationship
S\$500,000 - S\$599,999	
Mr Yong Kin Sen	Substantial Shareholder of the Company and Advisor for the Group
S\$300,000 - S\$399,999	
Mr Yong Koon Chin	Substantial Shareholder of the Company and Advisor for the Group
Mr Yong Poon Miew	Substantial Shareholder of the Company and Advisor for the Group
S\$150,000 - S\$249,999	
Ms Yong Li Yuen, Joanna	Daughter of Mr Yong Koon Chin
Mr Yong Han Keong, Eric	Son of Mr Yong Kin Sen
Mr Yong Han Lim, Adrian	Son of Mr Yong Poon Miew

BY ORDER OF THE BOARD

Eric Yong Han Keong
Managing Director
Date: 21 January 2021